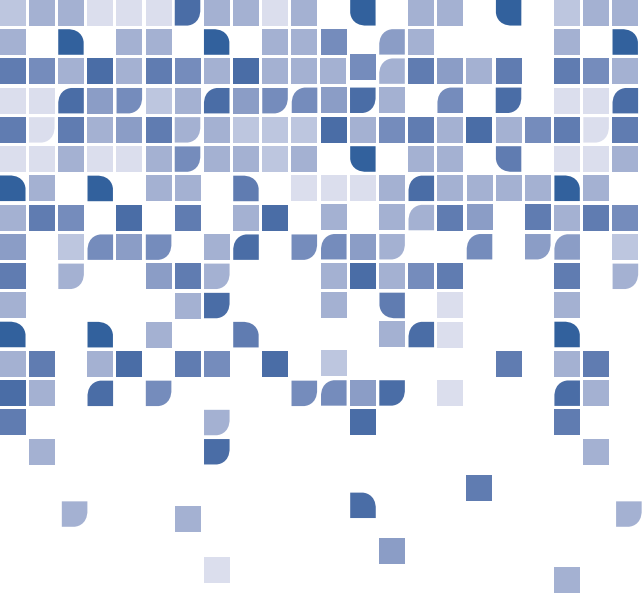


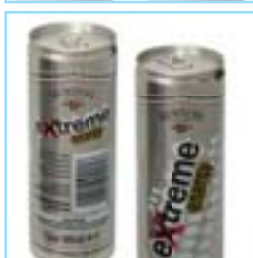
Nampak
packaging excellence

Annual Report 2009



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Nampak Limited profile

Nampak is Africa's largest packaging manufacturer and, together with its operations in Europe, generated revenues of almost R20 billion in 2009.

In South Africa, Nampak produces metal, glass, paper and plastic packaging for food, beverage and a variety of other end-use markets. We also manufacture tissue paper products and a range of disposable diapers and feminine hygiene products.

Collection and recycling of all types of used packaging is an important part of our activities.

We currently have manufacturing operations in 10 countries in the rest of Africa producing metal, paper and plastic packaging. A new beverage can factory in Angola will increase this to 11 in 2010.

In Europe we operate in six countries and are the major supplier of plastic bottles to the dairy industry in the United Kingdom. We are one of the leading manufacturers of folding cartons for the food industry and also manufacture cartons, leaflets and labels for the healthcare market.

Our world-class research and development facility based in Cape Town provides technical expertise and support to our factories and customers.

The corporate office is based in Sandton, South Africa.

Key features of the year

- Revenue increased by 6% to R19.6 billion

- Cash generation up by 4% to R2.2 billion

- Trading income decreased by 27%

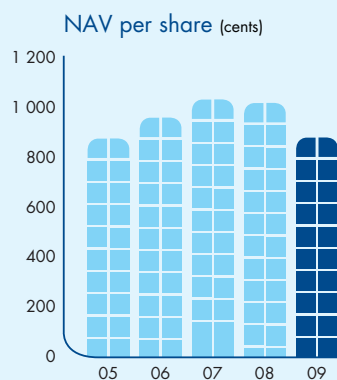
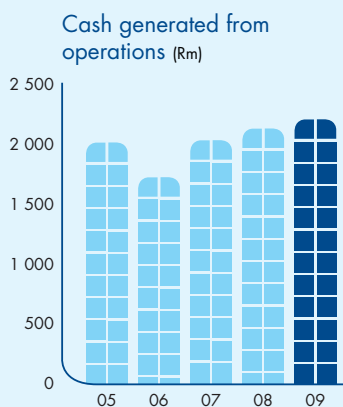
- Significant loss in corrugated box business

- Headline earnings per share decreased by 53%

- Focus on improving operational performance

- Major cost savings at Centre

- Sale or closure of non-performing operations



Group at a glance

Segmental overview

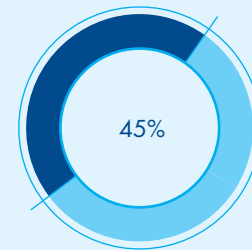
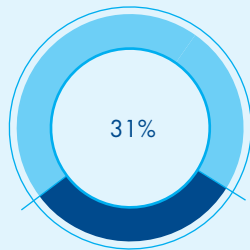
metals and glass: Africa

- Sub-Saharan Africa's sole manufacturer of tinplate beverage cans and aluminium ends
- The leading manufacturer of two and three piece tinplate food cans with easy opening and peel-off ends
- General line cans for industrial and household products
- South Africa's leading supplier of tinplate and aluminium aerosol cans
- Tinplate closures for jars and aluminium closures for spirit bottles
- A wide range of glass bottles in a joint venture with Wiegand Glass
- Tinplate crowns for beverage bottles
- Decorative and promotional tinware

paper: Africa and Europe

- Corrugated boxes
- Folding cartons, sleeves and wrap-arounds
- Leaflets, labels and cartons for pharmaceuticals
- Composite containers
- Labels for cans and bottles
- Multi-wall and self-opening sacks and bags
- Cores, cones and tubes
- Partitions, angleboard, singleface wrap and layer pads
- Toilet and facial tissue
- Disposable diapers and feminine hygiene products
- Books and diaries

Revenue contribution



Performance

Rm	2009	2008
Revenue	6 003	5 061
Trading income	742	807
Trading margin (%)	12.4	15.9

Rm	2009	2008
Revenue	8 777	8 433
Trading income	63	294
Trading margin (%)	0.7	3.5

Markets we serve

- Alcoholic beverages
- Automotive and industrial
- Carbonated beverages
- Confectionery
- Food
- Household and DIY
- Non-alcoholic beverages
- Personal care and cosmetics

- Agricultural
- Alcoholic beverages
- Breakfast foods
- Convenience foods
- Dairy
- Detergents and household chemicals
- Fast foods
- Pharmaceutical, personal care and cosmetics
- Tobacco

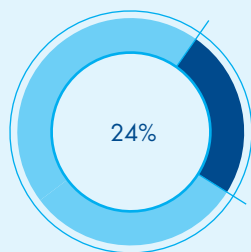
plastics: Africa and Europe

Rigid plastics

- ⌘ PET and HDPE bottles for beverages and other liquid products
- ⌘ Preforms for liquid beverages
- ⌘ Closures for beverage bottles
- ⌘ Conipak and Purepak cartons for non-carbonated liquid beverages
- ⌘ Crates and drums
- ⌘ Paint pails and buckets
- ⌘ High barrier laminated and decorative plastic tubes
- ⌘ Injection moulded tubs

Flexible plastics

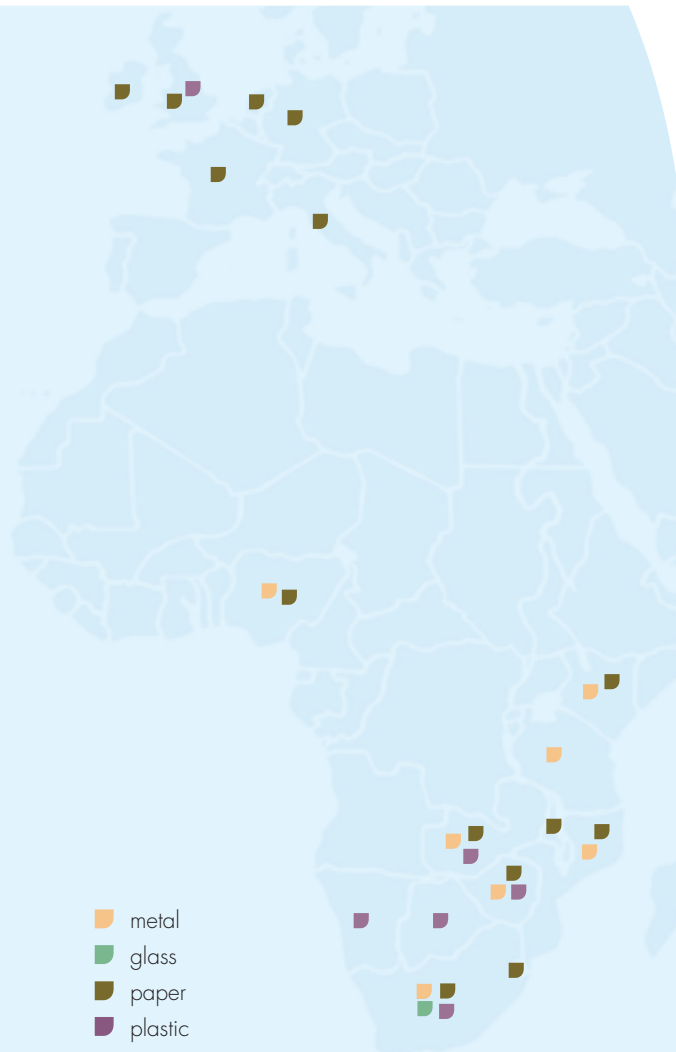
- ⌘ A wide range of plastic, paper and aluminium laminated products for snack foods and confectionery
- ⌘ Pouches and bags for food, beverages and pharmaceuticals
- ⌘ Aluminium foil products
- ⌘ Various types of extruded and co-extruded films
- ⌘ Aluminium roofing insulation and coated textiles
- ⌘ Shrink-sleeve labels and aseptic bags



Rm	2009	2008
Revenue	4 755	4 934
Trading income	256	325
Trading margin (%)	5.4	6.6

- ⌘ Alcoholic beverages
- ⌘ Automotive and industrial
- ⌘ Carbonated beverages
- ⌘ Confectionery
- ⌘ Dairy and juice
- ⌘ Detergents and household chemicals
- ⌘ Frozen and chilled foods
- ⌘ Personal care
- ⌘ Poultry

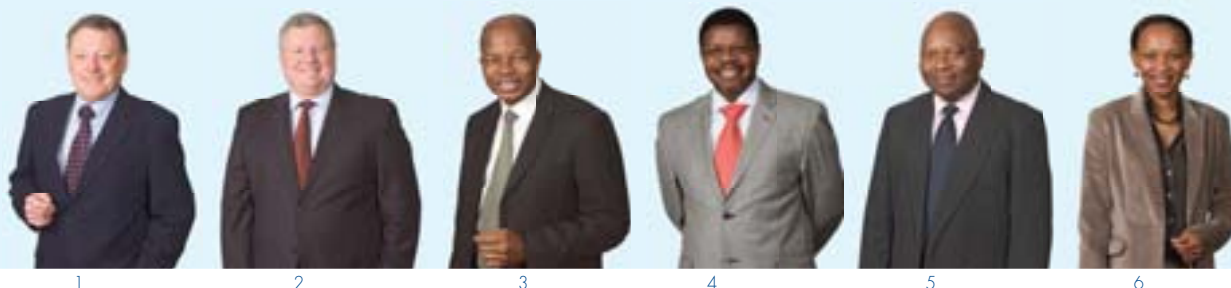
Our geographic footprint



A truly functional pack for flour that has remained unchanged for many years requiring only minor modifications to align with technical advancements – a packaging gem!



Directorate



Non-executive directors

1 **Trevor Evans** (64) *BSc (Rhodes); SEP (Stanford)**

Non-executive chairman. Chairman of the board of governors of Rhodes University. Appointed to the board in 1990 and appointed non-executive chairman on 1 October 2003.

2 **Roy Andersen** (61) *CA(SA); CPA (Texas)* †*

Current directorships include non-executive chairman of Murray & Roberts Holdings Limited and Sanlam Limited, as well as independent non-executive director of Virgin Active Group Limited (United Kingdom) and Aspen Pharmacare Holdings Limited. He is also a member of King Committee on Corporate Governance, a major-general and Chief of Defence Reserves of the SANDF, director of Business Against Crime and the Business Trust. Appointed to the board in 2008.

3 **Dr Reuel Khoza** (60) *BA Honours (Psychology), University of the North (now University of Limpopo); MA (Marketing), University of Lancaster, UK; Eng D (Business), University of Warwick, UK; D of Laws honoris causa, Rhodes University*

Chairman of Aka Capital (Pty) Limited, Nedbank Group, Corobrik (Pty) Limited. Director of Old Mutual plc and several companies in which Aka Capital (Pty) Limited has invested. Fellow and President of the Institute of Directors in Southern Africa and chairman of the NEPAD Business Foundation. Member of the King Committee on Corporate Governance. Appointed to the board in 2005.

Non-independent.

4 **Phinda Madi** (45) *BProc (Unizul); EDP (HEC – Paris); EDP (Northwestern – Chicago, USA) ‡ #*

Non-executive director of Illovo Sugar Limited, The Spar Group Limited, Sovereign Food Investments Limited and Siyafika Recruitment. He is also the chairman of Allcare Medical Administrators (Pty) Limited and Ad Hominem Professor at Rhodes University.

He is a member of the Illovo Sugar Limited and Sovereign Food Investments Limited's remuneration committees. Appointed to the board in 2008.

5 **Keith Mokoape** (63)

Resigned effective 23 October 2009.

6 **Nosipho Moloqe** (45) *BSc (Med) (Wits); BCompt (Hon) (Unisa); CA(SA) † ‡*

Nosipho is a member of the boards of Illovo Sugar Limited, The Petroleum and Gas Company of South Africa (Pty) Limited, Hudaco Industries Limited and MTN SA. She also serves on the boards of various MTN group subsidiaries in East and West Africa. Appointed to the board in 2007.

* Member of the remuneration and nominations committee.

† Member of the audit committee.

‡ Member of the risk management committee.

Member of the transformation and sustainability committee.



7 8 9 10 a b c

7 Lot Ndlovu (58)

Resigned effective 16 October 2009.

8 Roy Smither (64) BCom; CA(SA)†‡

An executive director of Tiger Brands Limited until retirement in 2006. Currently serving on the boards of Hans Merensky Holdings (Pty) Limited and Rainbow Chicken Limited, and on the Credit Committee of the FirstRand Banking group. Appointed to the board in 2006.

9 Peter Surgey (55) BA LLB (UCT)*#

Peter was the CEO of Barloworld Coatings from 1988 to 2003 and an executive director of Barloworld Limited from 1995 to 2008. A past founding and board member of Business Against Crime, currently a director of the National Business Initiative, Freeworld Coatings and a trustee of the President's Trust and the Duke of Edinburgh Award. Appointed to the board in 2009.

10 Thys Visser (55) CA(SA)

Chief executive officer of Remgro Limited. Currently serving on the boards of FirstRand Limited, Rand Merchant Bank Holdings Limited, Distell Group Limited, Rainbow Chicken Limited, Medi-Clinic Corporation Limited, Kagiso Trust Investments (Pty) Limited, PG Group (Pty) Limited and Unilever South Africa Holdings (Pty) Limited. Appointed to the board in 2002.

Non-independent.

Executive directors

a Andrew Marshall (54) BCom (Hons); MAP (Wits); Diploma in Packaging (UK Institute of Packaging)†‡

Chief executive officer

Andrew was an executive director and chief executive officer of Oceana Group Limited for 10 years before joining Nampak as CEO on 1 March 2009. Appointed to the board in 2009.

b Gareth Griffiths (56) BCom (Rhodes); BCompt (Hons) (Unisa); CA(SA)†‡

Chief financial officer

Gareth joined Nampak as CFO on 1 September 2009. Prior to that he served as chief financial officer of Abu Dhabi Airport Company and South African Airways and held senior executive appointments in the Bidvest group. Appointed to the board in 2009.

c Fezekile Tshiqi (55) BA PGDHRM (Wits)

Group human resources director

Fezekile was appointed divisional HR director of Nampak Tissue in 1998 and was appointed HR director, Nampak Africa region, in 2002. Appointed to the board in 2009.

Group executive committee



1 **Andrew Marshall** (54) *BCom (Hons); MAP (Wits); Diploma in Packaging (UK Institute of Packaging)*

Chief executive officer

Andrew graduated from the University of Natal, majoring in marketing and financial management. He held various management positions with AECL, Gundle Plastics and Nampak before joining Oceana as chief executive officer in 1999. He returned to Nampak as CEO in March 2009.

2 **Charles Bromley** (46) *BSc Eng (Chem)*

Group executive: Metals & Glass

Charles qualified as a chemical engineer in 1985 and spent the next 12 years in various senior positions at Afrox. He joined Nampak in 1997 as sales and marketing director of Bevcan. In 2000 he became managing director of Divpac and Foodcan and in 2003 was appointed director Africa responsible for several paper divisions including Nampak Tissue. In 2008 he was appointed group executive responsible for all Nampak's metals and glass businesses.

3 **Philip de Weerd** (55) *BSc Eng; MBA; SEP (Stanford)*

Group executive: Rigid Plastics

Philip joined Metal Box in 1980 and held various technical positions at Vanderbijpark where he became general manager of the Foodcan operation. In 1990 he was appointed managing director of Foodcan and in 1997 managing director of Cartons & Labels (previously known as Printpak). In 2000 he took responsibility for all the group's rigid plastics businesses outside of Europe.

4 **Gareth Griffiths** (56) *BCom (Rhodes); BCompt (Hons) (Unisa); CA(SA)*

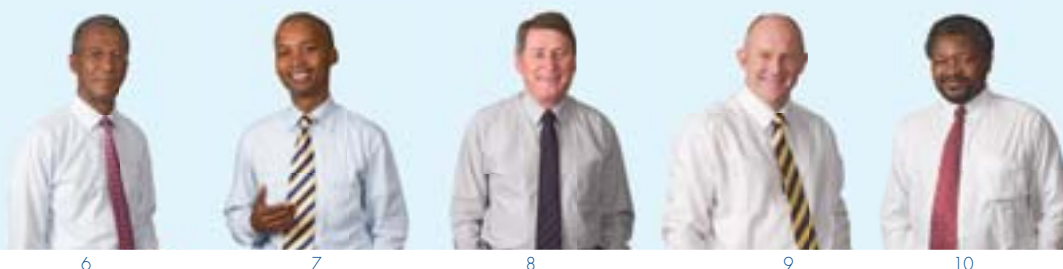
Chief financial officer

Gareth qualified as a chartered accountant after serving articles at Peat Marwick Mitchell (now KPMG). He went on to hold senior executive positions in Rennies and then the Bidvest group. More recently he was the chief financial officer of South African Airways and of the Abu Dhabi Airport Company. He joined Nampak as CFO in September 2009.

5 **Rob Morris** (47) *Pr Eng; BSc Eng (Chem); B Com (Hons)*

Group executive: Paper & Flexibles

After qualifying with a degree in chemical engineering, Rob joined Unilever in 1986. He held various positions at Unilever in both South Africa and Europe before joining Nampak in 1996 as general manager of the Cartons & Labels (previously known as Printpak) Gauteng operations. In 1999 he was appointed general manager of the Cartons & Labels Cape Region and then in 2000 became managing director of the Cartons & Labels division. In 2003 he was appointed director Africa responsible for several paper divisions and then in 2008 appointed group executive responsible for the Paper and Flexibles operations (excluding Tissue).



6 Ephraim Msane (47) *BSc Eng (Chem)*

Managing director: DivFood

Ephraim graduated from the University of Cape Town in 1985 and joined Unilever's food-related business in January 1986, where he held various positions culminating in his appointment as production manager. He joined Nampak in July 1995 as plant manager in the then Divpac paper products factory in Durban. Since then Ephraim has held a number of senior positions in the group, namely general manager of DivFood Port Elizabeth and Durban as well as managing director of Nampak Glass, Petpak and Megapak. He was appointed managing director of DivFood in April 2008.

7 Kennedy Nzimande (41) *BCom; MBA (Nyrenode)*

Managing director: Nampak Tissue

Kennedy first joined Nampak Tissue in 2004 as business transformation director and later business director for the Away from Home division. He worked at African Bank before rejoining Nampak Tissue in his current capacity as managing director for the division. Prior to joining Tissue in 2004, Kennedy had extensive experience in the areas of sales/business development and had spent four years prior to this with Gensec Investment Bank.

8 Neill O'Brien (55) *BProc*

Company secretary and group legal adviser

Neill was admitted as an attorney in 1977 and was legal adviser to AECL for nine years prior to joining Nampak in 1996.

9 Tom Reid (47) *HND Mech Eng; BCom*

Managing director: Europe

Tom joined Nampak directly after completing his bachelor of commerce degree at the University of Natal. From 1990 to 1992 he held marketing-related positions at Bevcan and then became business manager for Bevcap. Between 1994 and 1998 he was general manager of several operations in the Bevcan division. In 1998 he was appointed managing director of Foodcan and in 2000 managing director of Corrugated. From 2003 to 2007 he was managing director of Nampak Plastics Europe and was then appointed managing director of all Nampak's European businesses.

10 Fezekile Tshiqi (55) *BA PGDHRM (Wits)*

Group human resources director

After completing his university studies Fezekile gained experience in human resource management at large manufacturing companies which included Amalgamated Beverage Industries, Unilever and Corobrik. In 1992 he joined Adcock Pharmaceuticals as human resources manager and in 1998 was appointed divisional HR director at Nampak Tissue. In 2001 he became HR director for all Nampak's Africa operations and in 2009 was appointed to the Nampak limited board as group human resources director.



Chairman's review

Business and trading conditions

The global financial crisis triggered in 2008 has had a serious impact on economies worldwide. Many countries, including South Africa, have experienced recession. Rising unemployment and reduced disposable income has negatively affected the demand for many consumer products including packaging.

In South Africa, the strength of the rand has also hampered revenues from direct and indirect export of packaging and packaged products. Volumes in our South African businesses declined by approximately 6%. There was satisfactory demand for our products in the rest of Africa particularly Nigeria and Zambia. Trading conditions in Europe remained highly competitive in the recessionary environment.

Performance overview

Clearly, 2009 has been another disappointing year for Nampak. By far the biggest contributor to this has been in the South African Corrugated division. The Rosslyn paper mill project, originally approved at a cost of R504 million and due for commissioning in October 2008, ended up costing R798 million and was only successfully commissioned in March 2009, delaying the supply of competitively priced paper to the converting operations.

This was particularly disappointing as over the years the group has managed many major projects which have generally been completed on time and within budget.

The corrugated industry was badly affected by the poor economy and our volumes were 10% down. This combination of circumstances resulted in a major loss of R250 million in the Corrugated division. This result, together with the poor economic environment, also led to a substantial impairment charge in the division. On a positive note, the mill is now operational, producing paper of better quality than expected.

In the UK, one of our major dairy customers went into liquidation, which resulted in retrenchment and other costs in our UK Plastics business.

If these two major setbacks are isolated, there were some encouraging and good performances from many other divisions within the group.

Chairman: **Trevor Evans** >>



In a tough year it was pleasing to see there was a much tighter control of working capital, with cash generated from operations of R2.2 billion. This was ahead of last year.

Other than the completion of the Angolan beverage can line, there are no major projects planned for the next few years and with capex control receiving much higher emphasis, the gearing of the group will reduce over the next few years.

During the latter part of the year there has also been good progress on exiting or closing some of the underperforming businesses.

The management team under Andrew Marshall has settled down well and there is a high level of energy and commitment to improving the performance of the group.

Nampak has many good businesses with state of the art technology and excellent people. I have little doubt that the performance of the group will improve considerably over the next few years.

Dividend

A dividend of 42 cents per share was declared and results in a two-times cover.

Shareholding

Approximately 60% of the shareholding in the company is held by Allan Gray Investment Council, Remgro Limited, Sanlam Investment Management, the Public

Investment Commission and Oasis Asset Management.

A further 10% is held by Red Coral and our South African employees, Black managers and two trade unions as part of the BBBEE transaction which was implemented on 1 October 2005.

Approximately 13% of Nampak's shareholding is foreign held.

Transformation and sustainability

Black economic empowerment commands a strong strategic and operational focus within the South African operations. Targets continue to be achieved with Nampak's Empowerdex rating moving from a level 7 contributor in 2008 to a level 6 contributor during 2009. Further developments are underway, in anticipation of obtaining a level 4 contributor status by 2011. Strategies to attract Black female professionals in the engineering and manufacturing disciplines have been formulated to address specific gender challenges facing the divisions.

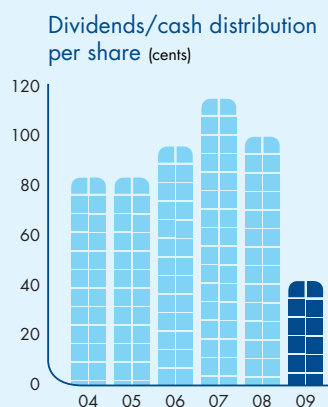
Nampak understands its responsibilities to economic, social and environmental issues and continuously reviews its strategies and monitors its progress in these areas.

Nampak considers the implications of climate change and resource scarcities both on its manufacturing processes and for the potential impact on future packaging requirements. As a packaging company, sustainable business practice extends to its products and the group is committed to ongoing development of product improvements and recycling initiatives. The group's research and development division continues to provide significant support to internal operations and customers in this area.

More than 80% of our greenhouse gas emissions are secondary emissions primarily ascribed to electricity consumption. Specific actions are underway to ensure that energy efficiency in the group is optimised.

Corporate governance

The King III Report and the King III Code of Governance Principles were issued in September 2009 and will come into operation on 1 March 2010, while the new Companies Act is expected to come into operation on



Chairman's review continued

1 July 2010. The group's policies and practices are being reviewed and changes will be made where necessary to ensure compliance with the requirements of the new Companies Act and, where appropriate, with the principles of the King III Code of Governance Principles.

In view of the large number of changes to the board during the year under review, it was decided to postpone an evaluation of the board, its committees and individual directors until the second half of 2010.

Directorate

Over the past year, there have been significant changes to the composition of the board both at executive and non-executive director levels. After 29 years with the group, 19 years on the board and over five years as CEO, John Bortolan retired from the group at the end of March 2009. I thank him for his contribution and commitment over so many years.

Tim Jacobs, chief financial officer, decided to pursue another opportunity and left the group at the end of August after four years on the board and I wish him well in his new endeavours.

Michael Katz and Buddy Hawton, after many years of service to Nampak, retired from the board at the end of July. I thank them for their wise counsel and support over the years.

Lot Ndlovu and Keith Mokoape tendered their resignations from the board with effect from 16 October 2009, and 23 October 2009 respectively. They have been our conscience on transformation and I wish them well.

I have announced my intention to retire from the board in 2010. A process to appoint my successor has been initiated.

Andrew Marshall joined the group in March 2009 as a director and CEO. Gareth Griffiths, CFO, and Fezekile Tshiqi, Human Resources, were appointed directors as at 1 September 2009 and 29 July 2009 respectively.

Roy Andersen joined the board in November 2008 and sits on the Audit and the Remuneration and Nomination Committees.

Phinda Madi also joined the board in November 2008 and will chair the Transformation and Sustainability Committee and will sit on the Risk Committee.

Peter Surgey joined the board in July 2009 and will chair the Remuneration Committee from 1 January 2010 and will also sit on the Transformation and Sustainability Committee.

Appreciation

Andrew Marshall and his team have put in a huge effort to understand the challenges facing Nampak and to accelerate the necessary action and I thank them for that.

This will be my last report as Chairman and I would like to take this opportunity of thanking all employees for their loyalty and support over many years.

To my colleagues on the board, I thank you for your wise counsel and support especially through these last few difficult years.

Finally, a special word of thanks to our customers, suppliers and shareholders for their continued support of the Nampak group.

Prospects

The state of the economies in which we operate is still a cause for concern and there has been no noticeable improvement in volumes since year end. The strength of the rand will continue to hamper an improvement in trading conditions in the South African businesses. Volatility of input costs may negatively impact trading income in the early part of the year.

The expected turnarounds in the South African Corrugated and the UK Leeds cartons business as well as the exiting of some underperforming businesses should enable the group to improve profitability for the year ahead.



Trevor Evans
Chairman

Sandton
23 November 2009



This pack demonstrates the ability to avoid over-packaging and reduce material, reduce cold storage time, reduce production energy requirement and reduce transport time for a pack that can be reused by the consumer.



This closure incorporates technology that provides superior leak resistance and tamper evidence for HDPE and PET, and PP bottles.





Chief executive's report

Performance overview

Trading profit for the year was adversely affected by:

- trading losses of R250 million in our Corrugated business and R40 million in our Leeds cartons business;
- losses in Disaki, Redibox, L & CP, Interpak Books, Foam and Nampak Kenya;
- a major bad debt and resulting loss of volumes in our European bottle operation; and
- overall volumes across the group were 6% lower than last year.

Trading income in our core businesses was similar to last year:

- Metals and Glass was slightly down.
- Rigid Plastics was up.
- Tissue had a very good year.
- Paper and Flexibles (Cartons and Labels, Flexibles and Sacks) were in line with the previous year.
- Africa overall was in line with last year with good performances from Nigeria and Zambia in particular.
- Europe was profitable but was well down on last year. The good performance from Nampak Healthcare and some of our cartons operations was offset by the losses at Leeds as well as the Plastics reduction in profits due to the third largest dairy in the UK (and one of our largest customers) going into liquidation.

Overall trading income for the group was 27% down on the previous year.

Capital expenditure was adversely impacted by the new Corrugated mill which was budgeted to cost R504 million. The final cost was R798 million. In addition, the project was over six months late and output significantly below budgeted levels.

Earnings were 60% down on last year, largely impacted by the impairment of R274 million of Corrugated assets.

Chief executive officer: [Andrew Marshall >>](#)



Higher finance costs resulted in headline earnings per share of 83.8 cents being 53% below last year.

Strategy

Our disappointing profits in 2009 were significantly impacted by losses incurred in a number of our operations. These losses masked the good results achieved in a number of our other businesses.

A comprehensive strategic review of the overall group was completed after I joined the group in March 2009. Key conclusions from this review were the following:

- ❖ Over the past 10 years, Nampak has underperformed. In 1999 we were ranked 30 by market capitalisation on the JSE; by 2004 we had fallen to 38 and by 2009 to 60. If we had performed in line with our peers and maintained our number 30 ranking, current market cap would be R31 billion instead of our actual R11 billion;
- ❖ Approximately 80% of our operations are profitable and have sustainable competitive advantages in many markets in which they operate;
- ❖ The remaining 20% are either loss-making or earning returns below our hurdle rates and have been in this position for a number of years;
- ❖ Capital expenditure recently has been very high, amounting to R5.6 billion over the last five years. Some of these investments have been successful, but in many instances the investments have been made in an unsuccessful attempt to improve the returns of non-performing operations. Investments in non-performing operations over the past five years exceed R1.4 billion;
- ❖ Cash flows have been negative as a result of this capex and overall debt has risen;

- ❖ Operational focus in the group had suffered from centralised decision-making; and
- ❖ Head office costs had grown excessively.

Following this strategic review, the actions outlined below have been implemented:

- ❖ Opportunities have been identified within those operations that are profitable and have competitive advantages. We aim to grow these businesses;
- ❖ Non-performing operations are being fixed, sold or closed. If they can be turned around, this is being done without any further capex. Our key focus in this area is to turn around the Corrugated losses;
- ❖ Future capex will be restricted for the next two to three years to less than the group's annual depreciation charge. This should ensure that cash flows are positive and debt levels reduce;
- ❖ Decision-making has been decentralised back to the divisions with much more hands-on operational focus by senior executives; and
- ❖ Costs at head office have been significantly reduced and cost containment across the group remains a key focus area.

Previous strategic reviews of Nampak's portfolio have failed to deliver. I am pleased to report that in the second half of our 2009 financial year:

- ❖ Flexpak has been sold;
- ❖ Foam has been closed down;
- ❖ Leeds is now in a monthly break-even situation;
- ❖ some exciting opportunities in South Africa and other African countries have been identified and are being pursued;
- ❖ Corrugated's losses are significantly reduced;
- ❖ planned capex for 2010 is less than depreciation and projected cash flows are as a result very strong;

Chief executive's report *continued*

- major cost savings have been achieved at head office, in particular in IT; and
- the new decentralised structure and operational focus are working well.

Management changes and revised structure

During the year a number of changes were made at senior management level with the group executive committee (GEC) being extensively restructured:

- Tim Jacobs left the group and was replaced as CFO by Gareth Griffiths.
- Two executives left the group and were not replaced.
- Kennedy Nzimande was appointed managing director of Nampak Tissue and joined the GEC.

Members of our GEC now attend Nampak board meetings by invitation.

Outlook

Management remains focused on fixing the non-performing areas of our business whilst continuing to grow and maximise opportunities in the areas where we have sustainable competitive advantages.

Some significant successes have already been achieved in restoring loss-making businesses to profitability or exiting them via a sale or closure.

Management's focus and targets remain a good improvement in group profitability in 2010 and the years ahead.



Andrew Marshall
Chief executive officer

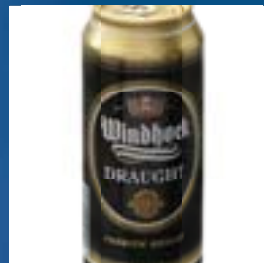
Sandton
23 November 2009



This pack displays a technical achievement showcasing the use of a matt and gloss varnish to register in a single process to achieve on-shelf appeal.



South Africa's first multi-layer, co-extruded long-life UHT milk bottle offers consumer choice and brand growth as well as environmental attributes as the entire pack is 100% recyclable.



Review of operations

Metals and Glass

Managing directors

John Moyes (61)

Bevcan

Erik Smuts (39)

BCom (Hons) Accounting; CA(SA);
ACMA (UK); EDP (GIBS)
(wef. 01.10.09)

Ephraim Msane (47)

BSc Eng (Chem)

DivFood

Stoney Steenkamp (38)

Mech Eng; MBA (University of Wales)

Nampak Wiegand Glass

	Revenue		Trading income*		Trading margin %	
	2009	2008	2009	2008**	2009	2008**
Rm						
Africa	6 003	5 061	742	807	12.4	15.9

* Before abnormal items.

** Restated

Africa

This segment experienced mixed fortunes. Demand for food and beverage cans and glass bottles was less affected by the slowdown in consumer spending whereas the demand for aerosol, paint and polish cans was well down on last year.

The price of tinplate raw material increased by up to 80% in April, but the additional cost was largely recovered. The revaluation of stock on hand at the date of the price increase augmented trading income. A 13-week shutdown at the local tinplate supplier resulted in a difficult supply situation.

Sales volumes of **beverage cans** were lower than in 2008 and were impacted by the importation of filled soft drink cans into Angola because of concerns regarding carbon dioxide supply in South Africa in the early part of the year. Higher consumer prices of soft drink cans also reduced demand in the latter part of the year.

Final ministerial approval of the new beverage can factory in **Angola** has delayed the project and commissioning is now expected only in late 2010. In the meantime cans will continue to be supplied from South Africa.

A local partner is being sought to take up an equity stake in the project and negotiations are under way in this respect.

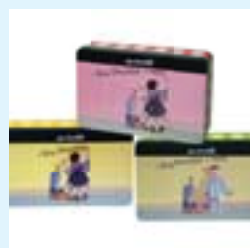
Demand for **food cans** was mixed with fish and vegetable cans being the only area of improvement. Personal care **aerosol can** sales were affected by the downturn in consumer spending which was exacerbated by a move to cheaper alternative deodorant products. **Paint** and **polish** can sales were well down whilst **ointment** can sales were impacted by counterfeiting.

The **Kenyan** operation was affected by the production of sub-standard cans, but the business is looking for an improvement in 2010. Management controls were strengthened at the **Nigerian** metals operation and it produced an acceptable result for the year.

Nampak Wiegand Glass has now established itself as a reliable supplier and experienced good demand from its customers throughout the year. Increased competitor activity in the beer market is expected to lead to higher demand for beer bottles.

A cullet plant costing some R160 million is under construction for commissioning in March 2010. This will enable mixed cullet to be sorted into separate colours, which will result in an easier supply of raw materials and some higher production efficiencies.

This pack communicates the Brrr Coke Campaign directly into the consumer's hand through the involvement of all senses (sight, touch, sound and taste).



Review of operations continued

Paper

Managing directors

Christian Burmeister (46)
BAcc; BCom (Hons); CA(SA)
Corrugated

Kennedy Nzimande (41)
BCom; MBA (Nyrenrode)
Tissue

Leon Selzer (54)
Cartons and Labels

Craig Dingley (50)
BSc; HDE
Sacks

Deon Breedt (55)
BMil (Comm); BCom (Hons)
Disaki Cores and Tubes, and Redibox

	Revenue		Trading income*		Trading margin %	
	2009	2008	2009	2008	2009	2008
Rm						
Africa	5 460	5 121	(14)	253	(0.3)	4.9
Europe	3 317	3 312	77	41	2.3	1.2
Total	8 777	8 433	63	294	0.7	3.5

* Before abnormal items.

Africa

A loss in the corrugated box business offset an otherwise acceptable performance from the other major businesses comprising this segment.

Poor demand from both the agricultural and commercial sectors resulted in sales volumes of corrugated boxes being well down on last year. Sales to the agricultural sector were impacted by reduced demand for citrus boxes and late demand for grape boxes, whilst the commercial sector was affected by the general slowdown in the economy. The reduced demand led to overcapacity with consequent pressure on both selling prices and margins.

The new paper mill at Rosslyn was commissioned in March, six months later than originally expected. Cost escalations and engineering delays resulted in the final cost being some 60% more than budgeted. The expected benefits from the project were not realised in the year under review. A significant improvement in performance is expected in 2010.

The business in **Malawi** was affected by a shortage of foreign currency, which impacted raw material supply. It otherwise had a reasonable year. The general economic situation in **Zimbabwe** appears to have stabilised and prospects for 2010 look positive.

The **cartons and labels** business in South Africa continued to be impacted by the conversion of detergent cartons to flexible bags by Unilever, which process is now complete. Demand was generally weak across all market segments, however, volumes to the fast-food sector showed continued good growth.

Exports to neighbouring countries contributed to good sales volumes of cigarette cartons. A new printing press, which has enhanced the product offering, was installed at the Denver, Johannesburg factory.

The cartons operation in **Nigeria**, which predominantly supplies cigarette cartons to BAT, continues to perform well. The devaluation of the naira in 2009,

however, lowered results in rand terms. The operation has been successful in gaining business for the supply of general cartons to multinational customers. The benefits of this will be seen in 2010.

The ongoing decline in residential building activity reduced the demand for cement **paper sacks**. This was, however, compensated for by good sales of self-opening bags to the milling industry. Despite overall volumes being flat, a strong focus on the operational aspects of the business contributed to a good performance for the year.

Interpak Books had a difficult year as a result of both poor and delayed orders for educational books and diaries.

Good sales volumes of **toilet tissue** and **diapers**, and improved selling prices contributed to an improvement in overall performance. Nampak Tissue gained market share despite the overall diaper market slowing down. A more efficient supply chain improved service levels to customers resulting in fewer stock-outs.

Europe

The Crewkerne **folding cartons** operation was closed during the year with the production being transferred to the Leeds and Gillingham factories. Leeds, however, incurred a significant trading loss and a restructuring plan is being implemented to lower the cost base and return the region to profitability. The Hoogerheide factory in the Netherlands continues to perform well given the strong focus on cost leadership.

Being food focused, demand held up reasonably well given the weaker economic conditions, but margins remained under pressure due to spare capacity and higher raw material costs as a result of the weakness in sterling.

The **healthcare packaging** operation at Bradford that was acquired following the fire which destroyed the Thorpe factory last year was fully integrated into the business. Manufacturing capacity in the United Kingdom is now geographically well-balanced.

Volumes in the United Kingdom were reasonably strong, but softer in northern Europe and Italy. Trading income was well up on last year although it was supplemented by insurance proceeds from the Thorpe factory fire.

This pack offers efficient production benefits and delivers consumer convenience in the sleeve's ability to collate the on-the-go product as well as effectively carry the brand image from shelf to fridge.



Review of operations continued

Plastics

Managing directors

Willem Pienaar (44)
Dip (Business Administration)
(University of Birmingham)
Liquid Plastics and Petpak

Eric Collins (46)
BSc (Hons); MCIPD
Nampak Plastics Europe

Robin Moore (50)
BCom
Flexibles

Chris Brink (47)
Closures

Joel Sibanda (38)
BSc Mechanical Engineering (Hons);
MAP – Wits Business School
Megapak

Dennis Holden (40)
BCom
Tubes and Tubs

Johan de Smidt (44)
MDP/MBA (Open University Business
School London)
Elopak and Liquid Paper

Derek Perryman (48)
Rigid Plastics Africa

Rob Francois (48)
BCom
L & CP

	Revenue		Trading income*		Trading margin %	
	2009	2008	2009	2008	2009	2008
Rm						
Africa	3 247	3 165	163	161	5.0	5.1
Europe	1 508	1 769	93	164	6.2	9.3
Total	4 755	4 934	256	325	5.4	6.6

* Before abnormal items.

Africa

A reduction in the cost of polymer raw material, which had risen substantially in 2008, contributed to the preservation of trading margins in the Plastics segment.

There was volume growth in **high-density plastic bottles** for milk, which also benefited from the introduction of a multi-layer bottle for long-life milk. Good demand was also experienced for **PET bottles** for juice and carbonated soft drinks.

Demand for **sorghum beer cartons** was relatively flat, whilst demand for premium **juice cartons** was well down on last year. The Liquid packaging and Petpak businesses were combined into a single entity resulting in efficiencies and cost savings.

In **Zambia** there was good growth in sales volumes of sorghum beer cartons, but the loss of some market share resulted in reduced sales of plastic milk and juice bottles.

Demand for metal **closures** for food containers was flat, but there was strong demand for closures for wine screw-cap closures. Sales volumes of plastic closures used on milk and juice bottles were at a similar level to last year. Technical complexities delayed the introduction of a new closure for a leading energy drink.

Sales volumes of **plastic crates** to the beverage industry were lower than in 2008 although sales of crates for general use partially compensated for the decline. Demand for **plastic drums** fell as a result of lower economic activity.

Restructuring of the Olifantsfontein factory resulted in cost savings.

Plastic crates were introduced into Zambia and the equipment is fully loaded for 2010.

In the **tubes and tubs** business the factory at Glen Anil in Durban was closed and production transferred to Isando in Johannesburg, which resulted in a

substantial reduction in costs. The plastic **industrial container** market was very depressed with demand for paint buckets particularly hard hit. There was good volume growth in tubs, but demand for tubes was flat.

Margins in the **flexible packaging** business improved in 2009 and were assisted by the decline in polymer prices. Overall demand was depressed, but market share was gained at major FMCG customers. The Flexpak business was sold and the expanded polyethylene foam business was closed due to poor profitability.

An initiative is currently in progress to rationalise and restructure the laminated and coated products business, which could see the disposal of some elements of this business.

Europe

The liquidation in June of a major customer, Dairy Farmers of Britain, resulted in a substantial loss of sales volumes and a write-off of some £1 million. As a consequence, costs at the Newport Pagnell factory were reduced.

Good progress was made in the introduction of recycled HDPE plastic bottles and a contract to establish an in-plant operation in Northern Ireland was successfully concluded.

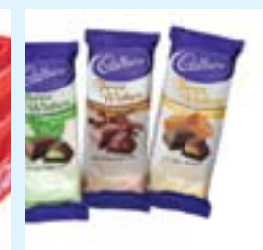
Group services

Rm	Revenue		Trading income*	
	2009	2008	2009	2008**
Africa	—	—	21	72
Europe	394	359	46	39
Total	394	359	67	111

* Before abnormal items.
** Restated.

Group services include head office activities, procurement, freight forwarding and clearing, treasury and property rentals.

Through the innovative use of materials the first dry-food product is packed in a gable-top carton, in South Africa.



Chief financial officer's review

Highlights

Revenue up by 6%

Trading income down by 27%

Headline earnings per share down by 53%

Cash flow from operations R2.2 billion

Capital expenditure R1.1 billion

Net borrowings R2.9 billion

Group operating performance

	2009 Rm	2008 Rm	Variance %
Revenue	19 585.6	18 457.5	6.1
Trading income	1 127.5	1 536.6	(26.6)
Abnormal items	(532.3)	(587.3)	
Profit from operations	595.2	949.3	(37.3)
HEPS	83.8	177.3	(52.7)

The 6% increase in revenue was mainly driven by price increases on the back of reduced volumes. The reduction in volumes had a significant impact on the trading income margins. This, coupled with the inability to fully recover cost increases in some markets, led to a reduction in trading income of 27%.

A full analysis of trading performance is included in the chief executive's report on pages 12 to 14 and the review of operations on pages 16 to 21.



Chief financial officer: [Gareth Griffiths](#) >>

The group recorded net abnormal losses of R532.3 million for the year (2008: R587.3 million).

The material items are commented on below:

	2009 Rm	2008 Rm
Net impairment losses on property, plant and equipment, investments, goodwill and other intangible assets	389.8	601.7
Retrenchment and restructuring costs	107.0	94.4
Financial instruments fair value (gain)/loss	54.1	(25.6)
Impairment of loans to minority shareholders	36.9	—
Share-based payment expense/(reversal) on BEE transaction	18.0	(12.8)
Net profit on disposal of property	(1.8)	(19.5)
Net profit on disposal of businesses	(26.7)	(5.4)
Loss resulting from Thorpe fire	—	50.8
Net onerous lease provisions (reversed)/raised	(26.1)	64.7
Insurance proceeds from Thorpe fire	(18.9)	(161.0)
	532.3	587.3

Impairment losses include R350.0 million on plant and equipment, R34.0 million on ERP systems, R4.6 million of goodwill, R36.9 million on loans to minority shareholders and the balance on investments.

The most significant impairment relates to assets in the Corrugated business, both on the paper mill operation and the converting division. This impairment was mainly due to the contraction in the market and the resulting loss of volumes, coupled with an underrecovery of input costs in the selling price by the converting operation. Impairments relating to assets classified as non-current assets held for sale in terms of IFRS 5 comprise R52.0 million.

The financial instruments fair value loss comprise of a R39.9 million loss on interest rate hedges (reduction in interest rates), R20.8 million loss on the mark to market

of forward exchange contracts and a profit of R6.6 million on aluminium hedges.

Retrenchment and restructuring costs include R50.1 million relating to redundancies at the Thorpe plant and provision for redundancies and restructuring costs in the UK Plastics operation following the loss of a major customer. The balance of the costs relate to the restructuring of various businesses mainly in South Africa.

A profit on disposal of the Flexpak business of R26.5 million was realised in the current year.

Competition Commission approval was obtained in August 2009.

The onerous lease provision, raised last year as a consequence of the Thorpe fire was reduced this year following successful negotiations with the landlord.

The insurance proceeds relate to business interruption proceeds from the Thorpe fire claim.

Net finance costs increased by 23.5% to R327.9 million following the completion of several large capital expenditure projects in the prior year as well as the ongoing funding of the Angola beverage can plant. During the current year, R35.9 million of interest was capitalised (R23.0 million on the Corrugated mill and R12.9 million on the Angola property).

The effective tax rate was 25.8% and is mainly attributed to government incentives and deferred tax assets raised in the current year, offset by disallowable expenses and impairments.

Headline earnings per share decreased by 53% from 177.3 cents per share to 83.8 cents. Headline earnings is arrived at after adjusting for impairment charges and profit on disposal of property, plant and equipment.

Cash flow

Despite the disappointing trading results, cash generated from operations increased by 3.6% to R2 220.0 million with the net investment in working capital reducing by R198.4 million. The 12 month average net working capital to sales ratio improved from 16.5% in the previous year to 14.5% in the current year.

Chief financial officer's review continued

Capital distributions were lower than the prior year by R117.7 million. In line with the stated intention last year, the interim dividend was reduced to 18 cents per share, with a cash distribution cover of two times.

Capital expenditure for the year was R1 129.3 million. The most significant capital expenditure related to the Angola can line (R370.4 million), the Corrugated paper mill (R118.2 million) and the cullet plant at Wiegand Glass (R47.6 million).

A breakdown of capital expenditure and intangibles by geography, as well as capital commitments is shown below:

	Replacement Rm	Expansion Rm	Total Rm
South Africa	287.6	235.2	522.8
Rest of Africa	26.3	376.4	402.7
Europe	152.5	51.3	203.8
Total	466.4	662.9	1 129.3
Capital commitments			593.0

The group strives to manage capital to enhance returns to shareholders whilst at the same time ensuring that the group's resources are optimally utilised. Capital expenditure in 2010 and beyond will be strictly controlled and will not exceed the group's depreciation charge over the short term. We will however capitalise on opportunities to improve returns and enhance shareholder value.

Net cash outflow before financing activities was R307.2 million compared to a R570.6 million outflow in the prior year. This can be mainly attributed to the reduced working capital and reduction in capital expenditure.

Financing activities relate mainly to the repayment of short-term loans in the prior year and the raising of a seven year loan of R350 million, secured over certain properties in South Africa.

Balance sheet

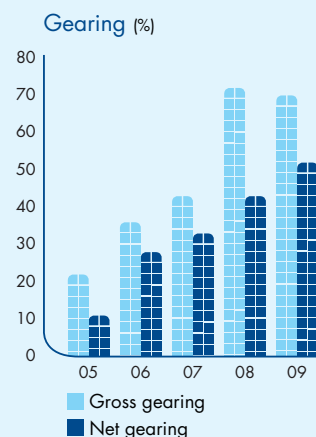
Net worth per ordinary share decreased from 1 023 cents to 874 cents per share, mainly as a result of the strengthening of the rand in the current year and reduced attributable profits. The foreign currency translation reserve decreased by R422.3 million for the year as the closing spot rates were significantly lower than the previous year. A table setting out the translation rates against the most significant currencies is included in note 1 to the annual financial statements.

Retirement benefits increased to R1 246.2 million, with net actuarial losses of R187.9 million, which was partially offset by exchange gains of R61.7 million. The group is continually investigating ways to limit further exposure to defined benefit retirement obligations.

Borrowings

Despite increased efforts to contain working capital investment and reduce capital expenditure, net borrowings increased by R326.2 million. Net gearing increased from 43% to 52%, while gross gearing moved from 72% to 70% in the current year, partially attributable to the reduction in net equity following the strengthening of the rand in the current year.

The group's gearing position over the past five years is shown below:



The composition of the group's net borrowing position is:

	2009 Rm	2008 Rm	%
South Africa	3 014.2	2 656.3	13.5
Borrowings	3 578.9	3 873.4	
Cash	(564.7)	(1 217.1)	
Europe and Rest of Africa	(104.5)	(72.8)	
Borrowings	348.0	438.0	
Cash	(452.5)	(510.8)	
Net borrowings	2 909.7	2 583.5	12.6
Net foreign denominated borrowings/ (cash) analysed:			
UK pounds	(18.7)	(24.0)	
Euros	11.6	16.0	
Nigerian naira	174.6	1 689.0	

The South African net borrowings position increased by R357.9 million for the year, mainly due to capital expenditure as well as the funding of the Angolan can line. The capital expenditure was offset by a significant decrease in average net working capital for the year.

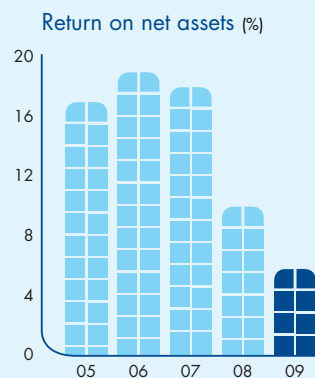
During the year Global Credit Rating Co. reviewed the group's credit rating for domestic debt in both Nampak Limited and its main South African trading subsidiary Nampak Products Limited.

	Rating
Short-term commercial paper (guaranteed by Nampak Limited)	A1-
Short-term unsecured	A1-
Long-term unsecured	A

Financial objective

In line with the strategic objectives set in the previous financial year, the group strives to achieve return on net assets (RONA) greater than 20%. Whilst the return on net assets has fallen far short of this target, the group is targeting to achieve this return within two to three years. The group aims to deliver trading income well ahead of CPI in the forthcoming years.

Performance for 2005 to 2009 is shown below:



Return on net assets declined in 2009 due to the severe adverse trading conditions. The cost over-runs and the delay in the commissioning of the Corrugated mill, as well as unanticipated regulatory delays in the Angolan beverage can line, further impacted the RONA.

Chief financial officer's review continued

Capital expenditure for 2010

The board has approved a capital expenditure budget of R864.2 million. This is significantly below the spend in previous years, with marginally more expansion capital than replacement capital expenditure.

Distribution

The board considered it appropriate to increase the dividend cover to 2.0 times to help facilitate a reduction in gearing on the balance sheet. Accordingly, the board has reduced the dividend per share to 42 cents per share (2008: distribution of 100.0 cents per share). This results in a dividend yield of 2.5% at 30 September 2009.



Gareth Griffiths

Chief financial officer

Sandton

23 November 2009

Supplementary information

for the year ended 30 September 2009

S1 Five-year financial review

GROUP FINANCIAL OBJECTIVES

Return

To achieve a return before interest and taxation of at least 23% p.a. on average total assets, an after tax return on equity of at least 21% and for investment decisions to exceed the weighted average cost of capital of 12.6%.

Earnings

To achieve a growth in earnings per share of not less than the annual inflation rate plus the economic growth rate (gross domestic product).

Asset management

To manage the investment in inventories and receivables to its commercially lowest level.

Cash flow

To generate sufficient cash flow after absorbing increases in working capital, financing charges, taxes and dividends, to fund capital expenditure for replacement of fixed assets.

DEFINITIONS AND METHODOLOGY

Return

Profit from operations plus income from investments.

Equity

The aggregate of interest attributable to equity holders of the parent and minority interest.

Total assets

The net book value of property, plant and equipment (including investment properties), the carrying value of intangible assets, investments, deferred tax assets and current assets (excluding cash).

Gross operating assets

The net book value of property, plant and equipment (including investment properties), the carrying value of

intangible assets, investments and current assets (excluding cash).

Net assets

Gross operating assets after deducting trade and other payables (including provisions).

EBITDA

Earnings before interest, investment income, share of associates, tax, depreciation and amortisation, adjusted for impairments.

Total liabilities

The aggregate of long-term and current liabilities (deferred tax is excluded).

Total borrowings

All interest-bearing debt.

Dividend declared per ordinary share

Prior year final dividend plus current year interim dividend per ordinary share. The dividend cover is based on headline earnings.

Employee numbers used for calculations

Total number of employees time weighted for acquisitions and disposals and adjusted for the group's share of joint ventures.

Productivity per employee

Volume growth over growth in number of employees.

Deflated statistics

Historical statistics adjusted to 2001 money terms using the consumer price index.

Ordinary shares in issue

Total shares in issue after adjustment for treasury shares

Supplementary information continued

for the year ended 30 September 2009

S1 Five-year financial review <i>(continued)</i>		2009	2008	2007	2006	2005
STATISTICS						
Earnings and dividend data						
Weighted number of ordinary shares in issue	'000	585 858	585 301	582 505	579 968	638 262
Headline earnings per ordinary share	cents	83.8	177.3	184.6	151.2	88.0
– Change over previous year	%	(53)	(4)	22	72	(40)
– Five-year compound annual growth rate	%	(11)	4	5	1	0
Earnings per ordinary share	cents	34.9	88.2	181.0	148.6	102.0
– Change over previous year	%	(60)	(51)	22	46	(32)
– Five-year compound annual growth rate	%	(25)	(10)	5	4	4
Cash distributions/dividends declared per ordinary share	cents	42.0	100.0	115.3	96.1	83.6
– Change over previous year	%	(58)	(13)	20	15	–
– Five-year compound annual growth rate	%	(13)	4	11	10	9
Dividend/cash distribution cover	times	2.0	1.8	1.6	1.6	1.1
FINANCIAL DATA						
Return on equity	%	4	9	18	15	12
Return on total assets	%	4	7	13	14	12
Return on net assets	%	6	10	18	19	17
Total asset turn	times	2.0	1.9	1.8	1.9	2.0
Gross gearing	%	71%	72%	43%	36%	22%
Net gearing	%	52%	43%	33%	28%	11%
Interest cover	times	2	4	9	13	12
EBITDA interest cover	times	6	9	12	19	19
Effective rate of tax	%	25.8	29.0	26.8	39.0	44.2
Number ordinary shares in issue	'000	586 773	585 650	583 481	581 235	641 888
Net asset value per ordinary share	cents	884	1 023	1 037	964	880
– Change over previous year	%	(15)	(1)	8	10	5
EMPLOYEE DATA						
Permanent employees		13 390	13 549	13 721	14 376	15 204
Temporary employees		1 723	2 194	1 868	1 825	2 498
Total employees		15 113	15 743	15 589	16 201	17 702
Employee numbers used for calculations		15 125	15 791	16 277	16 515	17 894
Revenue per employee	R'000	1 295	1 169	1 045	924	845
Employment cost per employee	R'000	264	231	209	189	190
Productivity per employee	Index	88	90	89	85	78
OPERATING RESULTS						
Revenue	R million	19 585.6	18 457.5	17 014.4	15 261.9	15 113.7
Trading income		1 127.5	1 536.6	1 781.0	1 508.5	1 311.0
Profit attributable to equity holders		204.8	516.1	1 054.2	861.8	651.3
EBITDA		1 833.2	2 301.9	2 329.6	2 306.9	2 089.0

S1 Five-year financial review <i>(continued)</i>		2009	2008	2007	2006	2005
BALANCE SHEETS						
	R million					
Total shareholders' funds		5 129.5	5 991.9	6 049.5	5 603.9	5 651.6
Retirement benefit obligation		1 246.2	1 129.1	565.1	721.9	540.7
Deferred tax and other non-current liabilities		329.6	567.0	756.4	702.3	684.0
Non-current loans and borrowings		2 121.5	1 741.1	526.5	1 021.8	929.7
Current liabilities		5 265.6	6 085.9	5 135.1	4 374.0	3 473.5
Total equity and liabilities		14 092.4	15 515.0	13 032.6	12 423.9	11 279.5
Property, plant and equipment		6 392.9	6 746.6	5 666.9	5 217.9	4 819.5
Intangibles		389.4	473.1	1 079.3	1 093.3	1 062.3
Other non-current financial assets and deferred tax		600.0	310.2	296.5	312.1	210.9
Current assets		6 710.1	7 985.1	5 989.9	5 800.6	5 186.8
Total assets		14 092.4	15 515.0	13 032.6	12 423.9	11 279.5
CASH FLOW						
	R million					
– Cash generated from operations		2 220.0	2 143.3	2 045.3	1 734.9	2 026.0
– Cash retained from operating activities		398.2	232.9	230.9	402.8	561.6
– Additions to property, plant, equipment and intangibles		(1 129.3)	(1 576.0)	(1 298.1)	(781.0)	(847.6)
– Net (decrease)/increase in cash		(766.5)	2 246.9	(505.8)	(799.8)	423.7
SHARE PERFORMANCE						
Market price per share						
– Highest	cents	1 715	2 263	2 395	1 950	1 655
– Lowest	cents	1 078	1 223	1 800	1 490	1 385
– Year-end	cents	1 700	1 402	2 160	1 820	1 589
Number of ordinary shares in issue	'000	659 264	658 142	655 972	653 726	669 314
Market capitalisation*	R million	11 207	9 227	14 169	11 898	10 635
Volume of shares traded	'000	252 218	285 165	242 698	339 971	323 728
Value of shares traded	R million	3 442.1	4 653.8	5 131.9	5 720.2	4 977.6
Volume of shares traded as a percentage of total issued shares	%	38.3	43.3	37.0	52.0	48.4
Earnings yield*	%	4.9	12.6	8.5	8.3	5.5
Dividend/cash distribution yield*	%	2.5	7.1	5.3	5.3	5.3
Price/earnings ratio*	times	20.3	7.9	11.7	12.0	18.1

*Based on year-end market price

Supplementary information continued

for the year ended 30 September 2009

S1 Five-year financial review *(continued)*

	2009	2008	2007	2006	2005
ECONOMIC INDICATORS					
The principal economic indicators applied in the preparation of the group results are shown below.					
Exchange rates					
Rand/UK pound					
– average	12.24	14.51	14.15	11.85	11.53
– closing	12.03	14.87	13.95	14.55	11.21
Rand/Euro					
– average	10.93	11.58	9.56	8.10	7.93
– closing	10.99	11.69	9.72	9.85	7.64
Rand/US dollar					
– average	7.50	8.07	7.18	6.57	6.24
– closing	7.51	8.28	6.87	7.77	6.35

S2 Adjusted segmental information	Profit/(loss) from operations as reported		Abnormal items		Trading income/(loss)		Margins before abnormal items	
	2009 R million	2008 R million	2009 R million	2008 R million	2009 R million	2008 R million	2009 R million	2008 R million
Metals and glass	729.9	811.6	(12.4)	4.8	742.3	806.8*	12.4	15.9*
Africa	729.9	811.6	(12.4)	4.8	742.3	806.8	12.4	15.9
Paper	(305.3)	(296.8)	(367.6)	(590.3)	62.3	293.5	0.7	3.5
Africa	(391.9)	229.3	(377.5)	(23.3)	(14.4)	252.6	(0.3)	4.9
Europe	86.6	(526.1)	9.9	(567.0)	76.7	40.9	2.3	1.2
Plastics	200.8	270.9	(55.2)	(54.4)	256.0	325.3	5.4	6.6
Africa	141.0	104.4	(22.0)	(56.6)	163.0	161.0	5.0	5.1
Europe	59.8	166.5	(33.2)	2.2	93.0	164.3	6.2	9.3
Group services	(30.2)	163.6	(97.1)	52.6	66.9	111.0		
Africa	(74.7)	121.8	(96.0)	49.3	21.3	72.5*		
Europe	44.5	41.8	(1.1)	3.3	45.6	38.5		
Total	595.2	949.3	(532.3)	(587.3)	1 127.5	1 536.6	5.8	8.3
Geographical analysis								
South Africa	334.2	1 199.0	(508.7)	(22.7)	842.9	1 221.7	6.3	9.9
Rest of Africa	70.1	68.1	0.8	(3.1)	69.3	71.2	4.9	6.7
Europe	190.9	(317.8)	(24.4)	(561.5)	215.3	243.7	4.1	4.5
Total	595.2	949.3	(532.3)	(587.3)	1 127.5	1 536.6	5.8	8.3

Basis of calculation

Abnormal items are defined as items of income and expenditure, which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the period.

*Restated

Shareholders' analysis

at 30 September 2009

In accordance with the JSE Listings Requirements, the following tables detail the spread of the registered shareholders as per the share registers at 30 September 2009.

Ordinary shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	3 937	54.07	1 384 552	0.21
1 001 – 10 000 shares	2 329	31.99	7 862 824	1.19
10 001 – 100 000 shares	611	8.39	19 524 919	2.96
100 001 – 1 000 000 shares	321	4.41	109 846 262	16.66
1 000 001 – shares and over	83	1.14	520 645 533	78.98
Totals	7 281	100.00	659 264 090	100.00

Distribution of ordinary shareholders	Number of shareholders	%	Number of shares	%
Banks	107	1.48	45 942 278	6.97
Close corporations	57	0.78	297 579	0.05
Empowerment trust	1	0.01	27 369 195	4.15
Endowment funds	49	0.67	3 698 960	0.56
Individuals	5 274	72.44	13 040 369	1.98
Insurance companies	49	0.67	41 230 535	6.25
Investment companies	43	0.59	12 733 341	1.93
Medical aid schemes	14	0.19	1 460 228	0.22
Mutual funds	208	2.87	186 392 655	28.27
Nominees and trusts	893	12.27	9 006 204	1.37
Other corporations	52	0.71	119 563	0.02
Private companies	164	2.25	4 217 058	0.64
Public companies	17	0.23	78 294 063	11.88
Retirement funds	349	4.79	184 395 239	27.96
Share trusts	3	0.04	5 995 968	0.91
Treasury shares	1	0.01	45 070 855	6.84
Totals	7 281	100.00	659 264 090	100.00

Non-public/Public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	25	0.34	156 449 551	23.73
Directors and associates	20	0.27	251 520	0.04
Strategic holder	1	0.01	78 096 694	11.85
Treasury shares	1	0.01	45 070 855	6.84
Empowerment trust	1	0.01	27 369 195	4.15
Share trusts	2	0.03	5 661 287	0.85
Public shareholders	7 256	99.66	502 814 539	76.27
Totals	7 281	100.00	659 264 090	100.00

Shareholders' analysis continued

at 30 September 2009

			Number of shares	%
Beneficial shareholders holding 5% or more				
Allan Gray			88 211 562	13.38
Public Investment Corporation			79 467 368	12.05
Industrial Partnership Investments (Remgro)			78 096 694	11.85
Nampak Products Limited (Treasury shares)			45 070 855	6.84
Sanlam			41 620 308	6.31
Investment Solutions			36 945 612	5.60
Totals			369 412 399	56.03
Fund managers holding 5% or more				
Allan Gray Asset Management			183 687 286	27.86
Sanlam Investment Management			72 787 239	11.04
Public Investment Corporation			44 191 775	6.70
Totals			300 666 300	45.60
Preferred ordinary shareholders				
Non-public/Public shareholders				
Non-public shareholders	1	100.00	31 857 195	100.0
Public shareholders	—	—	—	—
Totals	1	100.00	31 857 195	100.00
Beneficial shareholders				
Red Coral Investments 23 (Pty) Limited		100.00	31 857 195	
Red Coral Investments 23 (Pty) Limited is owned as follows:				
Aka Packaging (Pty) Limited			18 020 232	56.57
Unions: CEPPWAVU and South Africa Typographical Union			9 010 116	28.28
Broad-based women's grouping (National African Women's Alliance)			3 217 898	10.10
Nampak black non-executive directors			1 608 949	5.05
6% cumulative preference shareholders				
Non-public/Public shareholders				
Non-public shareholders	—	—	—	—
Public shareholders	52	100.00	400 000	100.00
Totals	52	100.00	400 000	100.00
Beneficial shareholders holding 5% or more				
Old Sillery (Pty) Limited			95 849	23.96
Castle, JS			64 989	16.25
Konbel (Pty) Limited			59 725	14.93
Lombard, L			39 800	9.95
Schlimmer, CF			28 800	7.20
Totals			289 163	72.29
6.5% cumulative preference shareholders				
Non-public/Public shareholders				
Non-public shareholders	—	—	—	—
Public shareholders	22	100.00	100 000	100.00
Totals	22	100.00	100 000	100.00
Beneficial shareholders holding 5% or more				
Old Sillery (Pty) Limited			28 700	28.70
Ian Muline Trust			16 200	16.20
Wright, JEG			15 277	15.28
Castle, JS			10 680	10.68
Glyn, RS			8 765	8.76
Foster, DF			5 991	5.99
Totals			85 613	85.61



This beverage can is an integral part of the 2010 marketing campaign, spreading a consistent message directly into the hands of the South African consumer.



This pack incorporates "gusset to register" technology allowing for improved branding on shelf as well as a consumer convenience through the incorporation of a zipper.



Sustainability report

This report provides an account of Nampak's economic, social and environmental performance and activities for the period October 2008 to September 2009. It follows from the 2008 report which also formed part of the annual report. Sustainability performance is reported annually and there have been no restatements.

The group has adopted an incremental approach to reporting on non-financial performance, aiming year on year for greater, pertinent detail on material economic, social and environmental indicators.

The content contained herein is relevant to all divisions of Nampak. Some information, such as the broad-based black economic empowerment and HIV/AIDS pertains to the South African operations.

The process by which the contents of this report were defined is based on a combination of:

- the material issues facing the business and the industry;
- issues identified as important by stakeholders;
- sustainability issues that may come to represent significant risks, opportunities or impacts for the group; and
- Nampak's own core competencies and the manner in which they could contribute to sustainable development.

The 2009 sustainability report aims to comply as a Global Reporting Initiative ("GRI") level C reporter. A GRI content table is included at the conclusion of this report.

It is Nampak's goal in future years to have the specific material sustainability data subjected to assurance.

The contact for any questions on this report is Lynne Kidd, group executive: compensation, benefits and sustainability.

JSE SRI Index

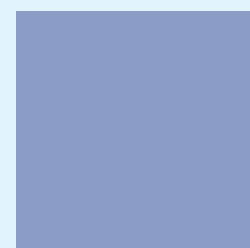
Nampak achieved a Best Performer rating in the 2008 review.



• One of the Nampak sponsored schools gets a visit from the company and an audio-visual presentation on packaging and recycling.



• The Eco-Schools programme is designed to encourage curriculum-based action for a healthy environment and to support sustainable development.



Summary of performance for the year under review and future targets

Performance area	2009 target	Key areas of work in 2009	2010 target
Strategy	<ul style="list-style-type: none"> ⋮ Refine Nampak's sustainability strategy. ⋮ Develop and refine group-wide standards and reporting requirements. ⋮ Further quantify potential liabilities and/or opportunities from economic, social and environmental issues. 	<ul style="list-style-type: none"> ⋮ Nampak's overall approach to sustainability was refined during the year with the board committee fully operational. ⋮ Risks and potential liabilities are identified annually through a formal risk management process that addresses economic, social and environmental issues. The top risks are included on page 68 of this report. ⋮ Evaluation of opportunities commences at divisional strategic reviews which are included, where appropriate, into the group's strategic plan. 	<ul style="list-style-type: none"> ⋮ Ongoing refinement of Nampak's sustainability strategy at both group and divisional levels. ⋮ Ongoing evaluation of potential liabilities and/or opportunities from economic, social and environmental issues using the formal processes in place.
Economic performance			
Black economic empowerment	Continue efforts to improve the group's empowerment rating across all levels of the Department of Trade and Industry's ("DTI") scorecard from the current Level 7 to Level 6.	The South African operations achieved their target of improving performance in terms of broad-based black economic empowerment ("B-BBEE") by moving from a Level 7 contributor to a Level 6 contributor.	Continue efforts to improve the group's empowerment rating across all levels of the DTI scorecard from the current Level 6 to Level 5.
Procurement	Complete the update of the procurement database with all supplier B-BBEE ratings. Nampak's target is to maximise its procurement contribution, where possible, to the DTI scorecard.	A complete database with all supplier ratings was established. The group's target was exceeded with an achievement of 17.6 out of a possible 20 points on the procurement aspect of the B-BBEE scorecard.	Nampak's target is to continue to maintain its current rating and, wherever opportunities arise, to increase the procurement contribution. It is recognised that progress may be slower going forward.

Sustainability report continued

Performance area	2009 target	Key areas of work in 2009	2010 target
Occupational health and safety			
HIV/AIDS	<ul style="list-style-type: none"> ⚙️ 80% voluntary counselling and testing take-up in the South African operations on HIV/AIDS awareness. ⚙️ Develop strategies to address indirect business risks of HIV/AIDS such as the possible effect on the customer base and along the supply chain. 	<p>The Nampak employee prevalence rate remains lower than industry average.</p> <p>Since inception of the programme 68% of employees have attended voluntary counselling and testing sessions on site.</p>	<ul style="list-style-type: none"> ⚙️ Revamped training and voluntary counselling and testing programmes will be introduced in South Africa with a view to increasing the uptake. ⚙️ The indirect business risks of HIV/AIDS have been evaluated and will continue to be evaluated across the supply chain. At this stage, these risks are not regarded as material.
Work-related fatalities	Zero fatalities	Zero fatalities per target	Zero fatalities
Disabling injury frequency rate ("DIFR")	DIFR of 1.5	DIFR of 1.56 achieved	DIFR of 1.5
Human resources			
Performance review	Relaunch of a standardised performance management system to include a greater number of staff in regular performance reviews.	A standard performance management system was relaunched as anticipated and regular reviews are undertaken. The number of employees undergoing a review at management levels has increased to 90% from previous levels of 85%.	Focus will continue until all managers, supervisory and clerical employees participate in the performance management process.
Training and development	Develop documented training and development policies.	<p>Training and development policies were developed. Total of 5 745 staff trained and 314 managers attended various leadership and management development training courses.</p> <p>The group increased its registered apprentices and learnerships to 310 in 2009.</p>	The group will continue to align business requirements with targeted recruitment, registered apprenticeships and learnerships programmes.

Performance area	2009 target	Key areas of work in 2009	2010 target
Environment			
Environmental management system	Hold workshops to assist divisions in conducting risk assessments to determine significant environmental impacts and assist with other implementation issues.	Divisional safety, health and environmental committees have been established during the year. Plans are in place to obtain ISO 14001 certification, where appropriate, over the next five years.	Achievement of ISO 14001 certification at Glass and Flexible divisions by the end of 2010.
Resource use and emissions	Define targets on energy use, water consumption, air emissions and effluents.	<ul style="list-style-type: none"> ❖ Baseline data has been collected in 2009 which includes: resource use, water consumption and waste. ❖ Focus in 2009 has been on energy efficiency initiatives as this is the area with the most potential for savings. ❖ Waste reduction targets exist and are monitored at all operations. 	<ul style="list-style-type: none"> ❖ Continue with research into potential further lightweighting opportunities across all material types which results in less use of resources. ❖ Review water usage and establish targets.
Climate change	Develop focused greenhouse gas emissions reduction plan and begin implementation.	<ul style="list-style-type: none"> ❖ A methodology to calculate Nampak's scope 1, 2 and 3 emissions was established and will be used as a basis for setting targets. ❖ Specific projects were identified and implemented at the divisions during the year, which will also result in reduced greenhouse gas emissions. The major projects include: the establishment of a glass cullet sorting plant, and the use of recycled material in the plastic milk bottles in the United Kingdom. ❖ As over 80% of Nampak's greenhouse gas emissions are as a result of electricity usage, it was agreed to focus on this area initially, and specific actions are under way to improve efficiencies and reduce consumption in all divisions. 	<ul style="list-style-type: none"> ❖ Review current energy efficiency and reduction programmes and achievements and establish future targets. ❖ Establish other areas where meaningful targets and reductions can be achieved during 2010.

Sustainability report *continued*

Performance area	2009 target	Key areas of work in 2009	2010 target
Environment <i>(continued)</i>			
Recycling	<ul style="list-style-type: none"> • Maintain active participation in various industry recycling partnerships. • Increase paper recycling output by more than 100 000 tons per annum once the new brown paper mill is fully operational in 2009. 	<ul style="list-style-type: none"> • The group continues to participate in various industry recycling partnerships. • Paper recycling output has increased by some 20 000 tons as the new brown paper mill is not yet fully operational. 	<ul style="list-style-type: none"> • Increase paper recycling in line with requirements for raw material from the brown paper mill. • Increase recycling of HDPE in Nampak UK Plastics division to use 30% recycled contents by 2012.
Product and service innovation			
Research & Development ("R&D")	Together with customers, continue with various innovations and tests in order to put new products to market.	An innovation process and a specific innovations room was created at R&D during the year for use by the divisions, their suppliers and customers.	Continue with various innovations with customers and suppliers in order to put new products to market.
Community involvement			
Community education initiatives	Maintain investment in initiatives that develop talented South Africans and provide Nampak with potential future employees.	Two bursars from Nampak partnered schools have joined Nampak in 2009 and five since inception of the programme.	Introduce an additional partnered school in Gauteng region in 2010.
Environmental and conservation programmes	Maintain current and identify additional suitable programmes.	Current investment in Eco-schools was maintained. In addition, there were investments into solar heating for the Nampak partnered schools as well as an indigenous garden, in conjunction with Kirstenbosch and the Department of Environmental Affairs, at Luhlaza school in Khayelitsha. Specifically designed water containers were manufactured for distribution in KwaZulu-Natal in conjunction with Engen and the Department of Health in the region.	Invest in projects that create employment and enhance recycling of packaging materials.

Sustainable development strategy

Nampak's packaging products contribute to the protection and prevention of product deterioration, such as food and beverages, and also enable easier transportation and handling of goods. Packaging helps give identity to products, promotes product brands and provides key product and safety information. These benefits have to be balanced with the generation of packaging waste, depletion of natural resources, the efficient use of energy and the company's carbon footprint.

The development of sustainable packaging is one of the main challenges facing the packaging industry. If progressed with due consideration to environmental efficiencies and recycling, appropriate packaging of a product can maintain high standards while preventing waste.

Sustainable packaging

The Sustainable Packaging Coalition* defines sustainable packaging as packaging that:

- is beneficial, safe and healthy for individuals and communities throughout its lifecycle;
- meets market criteria for performance and cost;
- is sourced, manufactured, transported and recycled using renewable energy;
- maximises use of renewable and recycled source materials;
- is manufactured using clean production technologies and best practices;
- is made from materials healthy in all probable end-of-life scenarios;
- is physically designed to optimise materials and energy; and
- is effectively recovered and utilised in biological and/or industrial cradle-to-cradle cycles.

*The Sustainable Packaging Coalition is a US-based industry working group inspired by cradle-to-cradle principles and dedicated to transforming packaging into a system that encourages economic prosperity and a sustainable flow of materials.
See http://www.sustainablepackaging.org/about_sustainable_packaging.asp for further details.

Nampak recognises the role it has to play in providing products and services that minimise their impact on the environment and consumers. The group participates in extensive recycling initiatives and continues to invest significant time and resources into the development of more sustainable products. In the coming year, focus will continue on refining the group's approach to sustainable development, to setting objectives and targets, and implementing systems for managing and measuring progress.

Stakeholders

The group has identified its key stakeholders as those groups which, through their support or lack thereof, can influence the group's performance in some way. They include:

- shareholders
- customers
- consumers
- employees
- trade unions
- suppliers
- communities and civil society
- government and legislators
- industry bodies

Sustainability report continued

Nampak engages with its key stakeholders on an ongoing basis in a variety of ways. In brief, some of Nampak's engagement activities are described below:

Stakeholder group	Method of engagement
Shareholders	One-on-one meetings, presentations, site visits, and Nampak's annual general meeting.
Customers	Ongoing interaction through R&D department where technical managers provide liaison for customer operational support. Customer champions are focused on anticipating customers' needs for advanced, cost-effective and internationally competitive packaging.
Consumers	Market research and focus groups to monitor customer attitude and demand, as well as focused recycling campaigns.
Employees	Various employee forums and company communication channels, including induction, briefing sessions, staff notices and the company intranet. The group also offers a confidential helpline service.
Trade unions	National framework agreements, plant level recognition agreements as well as regular ongoing interactions and formal monthly, quarterly and/or annual meetings as stipulated in various agreements.
Suppliers	Confidential helpline service and service level agreement meetings with group suppliers on a regular basis.
Communities and civil society	Through raising awareness and incentivisation of the need for recycling, as well as branded campaigns such as Collecta-Can, Nampak engages with its neighbouring communities and civil society. In addition, Nampak engages with the partnered schools' governing bodies and communities in which they reside.
Government authorities and industry bodies	Ongoing, including various issues from regulation to competition. Nampak meets with the Department of Environmental Affairs, and lobbies the government as part of industry associations, including the Packaging Council of South Africa ("PACSA"), Plastics Convertors Association ("PCA"), the Paper Recycling Association of South Africa ("PRASA"), the Paper Manufacturers Association ("PAMSA"), and the Printing Industries Federation of South Africa ("PIFSA"), regarding issues that affect its business. Nampak Plastics Europe has had extensive engagement with the Department for Environment, Food and Rural Affairs and the milk industry which has resulted in the implementation of plans to increase recycling of plastic milk bottles (refer to page 55 for details). Where necessary, government education departments are engaged on matters affecting the Nampak-partnered schools. The Department of Trade and Industry is also regularly engaged on B-BBEE matters.

Governance

Nampak's board is ultimately responsible for providing supervision, guidance and direction on social, community and environmental issues that have a potential impact on the reputation and long-term economic viability of the company and stakeholders. To discharge its duties effectively, it mandated a board transformation and sustainability committee, whose ambit includes the following:

- Reviewing trends and issues of relevance for sustainability practices in the group.
- Defining the group's sustainability commitments and monitoring achievement against targets.
- Providing guidance on the overall sustainability process for the group in order to achieve sustainability commitments.
- Assisting with the identification and appropriate management of sustainability risks that may impact on the sustainability or reputation of the group.
- Ensuring that appropriate programmes and internal committees are in place to minimise sustainability risks, where necessary.
- Providing guidance on processes to ensure that the group participates in the JSE Limited's Socially Responsible Index or any such index or rating as agreed.
- Providing guidance on policy frameworks in respect of sustainability issues such as code of ethics, environmental (internal and external), corporate social investment and stakeholder engagement.
- Monitoring and reporting to the board on the group's progress against its sustainability commitments.
- Monitoring and reporting to the board on performance against approved B-BBEE charter and providing guidance on ways to improve or enhance performance.
- Monitoring and reviewing corporate social investments.
- Reviewing the group's annual sustainability report for submission to the board for approval.

Further details on the committee structure can be found on page 67 of this report.

The committee is building its members' competency both through internal resources and working closely with various consultancies and subject matter experts. These include sustainable development consultants, Carbon Calculated and CIBA/PIRA (a UK-based company). The independent directors are experienced in transformation and are also well versed in community involvement. Newly appointed committee members also bring their experience from participation in other boards on broader sustainability matters.

Mechanisms for employees and shareholders to provide recommendations and direction to the board include regular consultations with employees through formal representation bodies such as unions and staff forums. The board is informed of material human resource and employee issues at least quarterly. Shareholders raise issues and approve strategic recommendations through resolutions at Nampak's annual general meetings. They also have access to the chairman of the company.

Risk management

Nampak is committed to developing, implementing and maintaining strategies to minimise risks and ensure growth of the company for the benefit of its employees and other stakeholders.

Nampak's risk committee reviews the company's risk profile on a regular basis. Risk management is conducted by way of formal risk assessments performed annually at each division. Nampak's risk register provides an effective means of measuring and monitoring both financial and non-financial risks through effective controls.

A group-wide system of internal control is used to manage significant risks.

Environmental issues, retention and development of human capital, as well as safeguarding the group's



Sustainability report continued

reputation, are recognised as among the group's top risks. The strategies for dealing with these issues are highlighted in this report.

Business ethics

As a public company with international interests, safeguarding the Nampak brand is of critical importance. The highest standards of ethics, trust and non-discrimination are upheld. Compliance with the constitution and laws of the countries in which it operates is required. Nampak's leadership and employees reflect the face of the brand as set out in its Code of Conduct and Business Ethics.

Nampak employs the services of Tip-offs Anonymous, an independent, confidential whistle-blowing hotline service, as a means of reporting and investigating dishonesty, fraud and other inappropriate behaviour in the workplace. It is available for use by employees, customers, suppliers, managers and shareholders. Cases of proven corruption, theft and fraud result in dismissal.

Nampak supports the protection and furtherance of human rights and has policies and procedures in support thereof. There were no notifications of human rights abuses received during the year.

There have been no incidents of child labour or forced labour and these practices are prohibited in the group's policies.

Nampak's policy on competition legislation provides for compliance with all laws and does not allow any illegal or unethical practices in this regard. All managers are required to familiarise themselves with the Nampak Competition Policy which is regularly updated and distributed. There have been no legal actions in respect of anti-competitive behaviour, anti-trust and monopoly practices during the year.

There were no incidents of corruption during the year.

The Code of Conduct and Business Ethics policy is available on the Nampak Limited website at www.nampak.com

Compliance

Nampak was not fined for any sustainability-related non-compliance issues during the reporting period.

Economic impact

The group has 65 operations throughout South Africa and a further 25 in 10 countries on the African continent. It also has 20 operations in six countries in Europe.

Group value added statement

for the year ended 30 September 2009

	2009 R million	2008 R million
Revenue	19 586	18 458
Cost of raw materials, goods and services	13 111	11 733
Value added	6 475	6 725
Income from investments	6	5
Wealth created	6 481	6 730
Distribution of wealth		
Employees (salaries, wages and other benefits)	3 994	3 664
Government (income tax)	177	250
Providers of capital (interest)	364	325
Shareholders (dividends)	527	645
Reinvestment	1 420	1 846
Wealth distributed	6 481	6 730
Dealings with government		
Gross contributions to government		
Company taxes	374.6	405.8
Rates and taxes	44.6	38.5
Customs and excise duties	40.7	11.0
	459.9	455.3
Less: Cash grants and subsidies	—	—
Other government grants	1.6	1.3
Charged against group income	458.3	454.0
Collected on behalf of government	1 433.0	1 886.3



Sustainability report continued

Broad-based black economic empowerment

The Nampak group remains committed to B-BBEE and supports the Broad-based Black Economic Empowerment Act and the Department of Trade and Industry's codes of good practice and scorecard. Nampak published its original B-BBEE Charter in 2004 against which progress is measured. The charter is reviewed and updated in line with legislative requirements and improved targets. The latest update was completed in 2009.

Ownership

Currently at least 5% of all the shares in the group are held by its black South African managers and 5% by a B-BBEE consortium. The consortium comprises:

- Aka Capital, which is chaired by Reuel Khoza, a leading businessman and one of the group's non-executive directors;
- three of Nampak's other black non-executive directors: namely ML Ndlovu, KM Mokoape and CWN Molope;
- the National African Women's Alliance, which is a grouping of African women with grassroots representation in all nine provinces in South Africa;
- the Chemical, Energy, Paper, Printing, Wood and Allied Workers Union ("CEPPWAWU") which organises the majority of unionised workers in Nampak; and
- the South African Typographical Union ("SATU") which is also active in Nampak.

Two operating divisions are partly owned by black shareholders. Altogether 30% of the shares in Disaki Cores & Tubes are owned by Seswiki Investments (Pty) Limited and 25.1% of the shares in Interpak Books are owned by Crosspoint Trading 45 (Pty) Limited.

Procurement

Nampak continues to implement a targeted procurement strategy to increase its procurement from companies that have made significant progress in the area of B-BBEE and are rated Level 4 or above contributors.

Nampak exceeded its target score in the preferential procurement category of the DTI's scorecard when it achieved 17.6 out of a possible 20 points. Out of the total spend for the year under review, Nampak spent 67.6% B-BBEE recognition in value, 8.9% spend was with qualifying small enterprises with turnovers of between R5 million and R35 million per annum and exempt micro-enterprises with turnovers of less than R5 million per annum, while 5.8% was with black-owned suppliers and 3% with black women-owned suppliers.

Enterprise development

Nampak's approach to enterprise development is to assist in the creation of new black businesses by facilitating access to finance and skills transfer, where appropriate, and to actively support small black enterprises to enable them to benefit from targeted procurement programmes.

Below is an example of a successful enterprise development initiative:

Mthembu Tissue

One of Nampak's best examples of genuine empowerment can be told in the story of Thembinkosi "General" Mthembu.

General (44) joined Nampak Tissue's Mobeni plant in 1981 as a packer. He quickly demonstrated his potential and was promoted to machine operator in 1982. During this time his fellow workers recognised his superb leadership qualities and elected him shopsteward in order to represent their interests with management.

He transferred to the Quality Assurance department in 1986, before being made production supervisor in 1988. In 1990 he was promoted to production foreman before his next step to production manager in 1995. General was nominated to attend the Nampak College in 1995 and also completed the Nampak Management Development Programme in 2001. It was at this point that he was again promoted to factory manager of the Mobeni site, responsible for over 400 employees.

General was one of a select group of Nampak managers who were chosen to attend a six-week programme in Japan during 2002, where they were exposed to cutting-edge production techniques. General returned to South Africa highly energised and immediately put to work all his learnings. Shortly thereafter General was selected to attend Rhodes University's Programme in Management Excellence.

When the Tissue division decided to close the Mobeni factory in 2003, General was offered the opportunity to start his own company, Mthembu Tissue Converting (MTC), which supplies tissue products to Nampak Tissue. He started the company with 42 permanent employees and 20 temporary workers. Today this business employs 105 employees, producing 700 tons of tissue products per month.

In 2005 General received the first of his many accolades, when MTC was awarded the coveted ISO 9001, which was followed by an award from Productivity SA for the Best Performing New Business in KwaZulu-Natal. Not bad for a young man who started out as a packer!

In 2009 General made a R2.3 million investment in new production equipment which has significantly improved the quality supplied to Nampak Tissue.

General says he owes a huge debt of gratitude to his mentor, Nampak Tissue's supply chain director, Mike Dennis, who has guided him throughout his career. His abiding motto is "nothing is impossible if you want to do it".

General, who lost his wife in 2007, is the proud father of four girls: one is studying accounting, the second marketing and the third medicine. The youngest is in grade 7.



Through its commitment and initiatives aimed at addressing South Africa's packaging solid waste stream, Nampak is providing seed capital and capacity building for collection and recycling. Nampak is continuously evaluating opportunities to create economic value and to develop potential markets for used packaging, which in turn will encourage collection, job creation and business opportunities.

Employment equity

Nampak undertakes to continually address any inequalities present with regard to race, gender and disability in its employee base and to accelerate progress through structured skills development programmes and the injection of talent.

Sustainability report continued

The group is fully compliant with the Employment Equity Act and the required reports are submitted timeously to the Department of Labour. Employment equity committees, which include management and labour representatives, are functional in all the South African operations. Divisional managing directors, together with the group human resources director, are responsible for setting of employment equity targets, taking into account the overall group objectives. The group's directors and all management incentives are discounted for non-achievement of these targets.

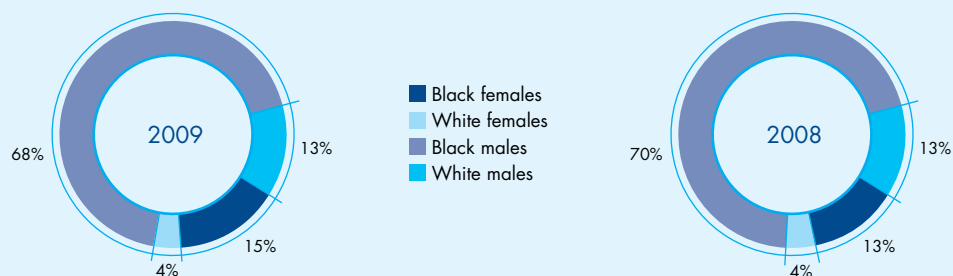
The status of employment equity amongst the group's management against the 2013 target is shown in the table below. Most divisions achieved their 2009 targets.

Black and white staff complement in South Africa

	2013 target	2009			2008		
	% black	% black	Black	White	% black	Black	White
Non-executive directors	70	50	5	5	40	4	6
Executive directors	50	33.3	1	2	0	0	2
Group executive	50	33.3	3	6	20	2	8
Divisional managing directors	50	11.8	2	15	18.8	3	13
Senior management	43	24.5	52	160	23.7	52	167
Middle management	53	48.2	306	329	44.9	272	334
Entry level management	53	60.0	247	165	57.3	223	166
Supervisors	75	74.1	2 789	974	73.0	2 655	983
Skilled	90	98.4	3 229	52	98.6	3 283	47
Semi-skilled	90	99.5	1 718	9	99.2	1 898	16

The following charts reflect the split between male and female employees by race in South Africa. Although the percentages have remained relatively stable, the percentage of black females has increased from 13.3% in 2008 to 14.4% in 2009 as a result of focused recruitment programmes.

Gender and race split in South African operations



Nampak's target is to increase the number of disabled people in its employ in terms of its Charter to 3% in 2013 from its current position of 0.8% (0.56% in 2008).

Skills development and training

Nampak supports the involvement of black people in operational, professional and executive decision-making as a critical aspect of its B-BBEE strategy and is focused on accelerating this process via a focused skills development programme. Skills development committees exist at all South African operations to drive advancement at an operational level.

Nampak classifies its skills development into the following broad categories:

Leadership development	% target representation
Executive Coaching This programme is aimed at senior operational managers who have a long-term potential for general and executive managerial positions.	50% black (20% black women)
Management Development Programme Plus The programme focuses on leadership development of high potentials at a senior operational management level.	60% black (50% black women)
Tomorrow's Leader Programme The programme centres on supervisory staff that have potential to fill operational management roles.	70% black (50% black women)
Nampak Sales Acumen Development This programme is addressing technical sales skills within the broadened view of packaging solutions selling. The programme is aimed at high-potential sales representatives and managers to fill key senior key account management roles.	65% black (50% black women)
Training Outside Public Practice ("TOPP") Nampak is accredited as a training office with the South African Institute of Chartered Accountants. The programme is aimed at training prospective chartered accountants in Nampak through the Financial Management route. Students are employed on three- to five-year contracts.	70% black (50% black women)
Graduate Development Programme The programme runs for two years and focuses on introducing new graduates to the Nampak group. It is aimed at addressing the skills shortage in engineering, finance and accounting, information technology and marketing. During the programme, young graduates are placed in jobs at divisions and complete an academic course involving individual and group assignments. Successful candidates are offered permanent employment in the group. The retention rate in this programme is a competitive 60%.	80% black (75% black women)
Manufacturing Techniques The programme is aimed at supervisory and middle operational managers to build technical capabilities on world-class manufacturing and contains improvement techniques.	70% black (50% black women)
Finance for Non-financial Managers The programme is designed to enable managers from all functional areas to understand the financial impact of the business decisions they make as well as find opportunities to profitably grow their business.	60% black (50% black women)
Business Excellence Programme This programme concentrates on developing skilled employees with leadership potential who may not have had the educational opportunities in the past.	90% black (50% black women)
Bursaries and grants	% target representation
Bursary scheme and tertiary grants The company draws bursars in appropriate fields, with emphasis on selection from Nampak-partnered schools and communities, to provide a supply into the Graduate Development Programme.	90% black (80% black women)

Sustainability report continued

In the year under review the following training in the above broad categories took place:

Programme	Target group	Candidates	% black	% black female
Executive Coaching	Senior operational managers	12	42	0
Management Development Programme Plus	Middle management	24	75	29
Tomorrow's Leader Programme	Supervisors and first-line management	49	71	8
NSAD	Sales managers and representatives	27	33	19
TOPP	Graduates	5	100	100
Graduate Development Programme	Graduates	43	98	53
Manufacturing Techniques	Manufacturing and production staff	74	82	1
Business Excellence Programme	Production and clerical	30	90	3
Finance for Non-financial Managers	Middle management	50	82	16

Nampak has currently 310 registered apprentices and learnerships in its various divisions, up from 199 in 2008.

Since 2001 the South African divisions have received funds totalling R66.6 million from the Department of Labour as a proportion of the skills development levy from the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority ("MAPP-SETA").

Nampak currently provides 35 bursaries for tertiary education of which 33 are for black students and two are for white students. There is equal representation of male and female students. The bursaries are provided in areas where Nampak is experiencing skills shortage including engineering, science and accounting.

The overall number of employees trained in South Africa is set out in the table below. They attended a range of occupational and environmental training courses, as well as industrial relations, productivity improvement, health and safety, first aid and fire-fighting.

General training numbers in South Africa

	2009		2008	
	Percentage	Number	Percentage	Number
Black	82	4 723	86	3 882
White	18	1 019	14	634
		5 742		4 516

Our people

Staff complement

Nampak employs over 13 500 employees worldwide with the majority being based in South Africa where the headquarters and the majority of the operations are based.

Employment numbers per region



There are an additional 1 585 temporary employees in South Africa, 140 in Europe and 255 in the Rest of Africa. The group currently employs 95 disabled people.

Employee Assistance Programme (EAP)

Nampak provides its staff and their immediate families with an independent programme to assist with personal and work-related problems through referral to appropriate external facilities, such as clinics, hospitals, community resources, childcare facilities, lawyers, psychologists and social workers. The EAP service is confidential, free and voluntary. Employees, whose work performance has been negatively affected by personal difficulties, may also be referred to the EAP programme by their senior.

HIV/AIDS

The South African operations have adopted a comprehensive HIV and AIDS awareness programme. Altogether 94% of employees underwent training in South Africa, 100% in both Namibia and Swaziland. As a result of this training, 85% of employees attended voluntary counselling and testing sessions on site (up from 68.5% in 2008) and 99% in both Swaziland and Namibia. The current prevalence rate is below that reported by other manufacturing companies and employees are continuously encouraged to come forward for testing and counselling.

Occupational health and safety

The group complies with the Occupational Health and Safety Act or similar legislation in the respective countries. Safety, health and environment committees are in place at factories to assess and reduce the impact on the environment of manufacturing activities and to ensure the safety of employees.

	Target 2010	2009	2008
Work-related fatalities	zero	zero	zero
Number of reportable injuries	Average of 20 per month	253	238 ²
Disabling injury frequency rate ¹	1.5%	1.56%	2.06%

¹Lost-time injury frequency rate per 200 000 hours worked.

²Reporting period of 9 months.

Sustainability report continued

The Nampak Group Risk Control Standard covers facilities in South Africa and the United Kingdom, as well as Cartons and Labels Nigeria, Corrugated Swaziland and Liquid Botswana. Willis SA Limited, Nampak's insurance and risk management partner, provides assurance over the implementation of the standards, which includes an annual visit by Willis to each operation. Divisions also conduct their own self-audits on the risk control standards which are then subject to a peer audit by Willis before providing the assurance. The UK facilities have implemented a tailored health and safety audit system to comply with their insurance requirements. Bevcan and Cartons and Labels divisions are NOSA certified.

Elsewhere in Africa, the Lagos State Environmental Protection Agency in Nigeria requires health, safety and environmental audits of Nampak on a bi-annual basis. Accredited consultants Fatmahal Environmental Services Limited also perform monthly checks.

The Glass division plans to achieve OHSAS 18001 certification by the end of 2010.

During 2009 all 38 South African occupational health practitioners attended a two-day workshop where they were trained on the standard operating procedures to be used at Nampak Clinics. Issues included: processing injury-on-duty claims in accordance with the Compensation of Occupational Injuries and Diseases Act, fitness for working, the process for thorough hazard identification and risk assessment, and the associated medicals were covered.

People development

Continued focus is placed on the identification, development and retention of people to make certain that the group has appropriate leadership and specialist talent. Succession planning reviews are conducted regularly by the executive committee and divisional boards to identify employees with potential for advancement. Management training programmes are reviewed to ensure that they are aligned with the group's

strategic requirements, and the details of the current programmes are included on page 48 of this report.

Investment in training and development by region:

	2009 R millions	2008 R millions
South Africa	58.5	44.4
Rest of Africa	1.4	1.3
Europe	7.3	5.6

Staff spent an average of five days per annum in training. Around 93% of management, team leaders and supervisory employees are currently subject to annual performance reviews using a standard performance management system that was relaunched last year.

Employee relations

The group has a variety of participative structures at different levels for dealing with issues which affect employees. These include national framework agreements with all three major trade unions, namely Chemical, Energy, Paper, Printing Wood and Allied Workers Union (3 151 members), the National Union of Metalworkers of South Africa (1 831 members) and South African Typographical Union (999 members), as well as plant-based agreements with the General Industries Workers Union (163 members), the South African Chemical Workers Union (124 members) and Solidarity (431 members) Collective bargaining mechanisms, safety committees, employment equity and skills development committees, and other participative forums are operational within the South African divisions.

Collective labour and voluntary recognition agreements exist within the European operations. These structures are designed to achieve good employer and employee relationships through effective sharing of relevant information, the identification and resolution of conflict as well as consultation by management with employees.

All wage settlements in the group were achieved without industrial action in 2009.

In 2006 Nampak and Union Network International (“UNI”), a global union representing workers in the graphical and services sectors, which brings together over 900 different unions and over 15.5 million members, signed a Global Agreement on the respect and promotion of International Labour Standards. The agreement sets out the guiding principles by which UNI and Nampak complement existing workplace and national agreements in order to secure fundamental human rights, including the prohibition of child labour and discrimination. Focus is also placed on ensuring appropriate working conditions.

Nampak’s intranet site provides employees with pertinent information about the group on a daily basis as well as access to policies and procedures. An in-house newspaper, the *Nampak News*, is also distributed three times per annum and deals with company issues and news in more depth.

Benefits

Full-time employees have access to a range of benefits including medical insurance, retirement funding, employee assistance programmes, educational assistance and awards for long service.

Retirement briefings

Written communication is regularly sent to all members of pension funds. Regular feedback sessions on the performance in the retirement funds, together with any changes to rules or legislation, are held with employees. Retirement counselling sessions are provided to fund members who are within five years of retirement as and when required.

Educational assistance

Employees in South Africa may apply for educational assistance for their children’s primary and secondary school education where they are burdened with financial hardship and are unable to pay school fees at commencement of the school year. Management

considers assistance towards school fees for employees earning below a certain wage level for the period of one year and thereafter encourages personal savings to meet future school fee commitments.

Corporate social investment

Both through local economic development initiatives, which form part of B-BBEE strategy, and its dedicated social investments programme, the group aims to assess, manage and enhance the positive impacts of its operations on local communities.

The group has a target of allocating up to 1% of its profit after tax to corporate social investment. During 2009, nearly R8.8 million was spent in the following categories:

Category	Expenditure
Education	R4 373 000
Health and welfare	R1 581 000
Environment	R1 500 000
Business Trust	R862 000
Various charities	R465 000
	R8 781 000

Education

During the year under review Nampak spent R4.37 million on education initiatives.

Bursaries were awarded to the value of R668 000. The bursary scheme, which has been operating successfully for many years, provides assistance to high-potential learners for continuing education at tertiary institutions. Being a manufacturing organisation, the allocation of bursary funds is mainly to those learners who are studying towards science, engineering and accounting degrees. Wherever possible, employment opportunities identified within the group are offered to successful students. A total of 35 bursars are currently involved in the scheme.

Sustainability report *continued*

Nampak's school partnering programme is now in its seventh year. The schools chosen for this initiative are carefully selected and are in areas close to the group's South African factories where it is likely that employees' children will attend. Funds are mostly spent on upgrading libraries, infrastructure improvement, science laboratories, security and teacher upgrading. The current schools are:

- Lethulwazi High School in Vosloorus, Gauteng
- Amogelang High School in Soshanguve, Gauteng
- Lebohang High School in Boipatong, Gauteng
- Swelihle High School in Umlazi, KwaZulu-Natal
- Belhar High School in Belhar, Western Cape
- Luhlaza High School in Khayelitsha, Western Cape

A soccer field was established at Amogelang during 2009.

The criteria for awarding Nampak Partnered Schools Bursary Scheme bursaries include the academic performance of candidates during their final matric year, with particular emphasis on mathematics, science and accounting as well as the potential of such students for future management positions within Nampak. Two bursars who had completed their studies joined the group during 2009.

Business Trust

In its tenth year of participation, Nampak contributed R862 000 to the Business Trust during 2009. The Business Trust combines the resources of government and business to create jobs, particularly in the tourism sector, build capacity and combat poverty through various projects and initiatives. More information about the trust is available at www.btrust.org.za

Environmental

Eco-Schools

This is the last year that Nampak participated in the Eco-Schools programme which is designed to encourage curriculum-based action for a healthy

environment and to support sustainable development.

It is an internationally recognised award scheme that accredits schools that are making a commitment to continuously improving their school's environment.

The group helped initiate this programme which was implemented in May 2003 by the Wildlife and Environmental Society of South Africa in partnership with the World Wide Fund for Nature South Africa.

Recent highlights for Eco-Schools include the following:

- 448 schools received an Eco-Schools award for their conservation efforts in 2008.
- 16 schools were awarded international Eco-Schools flags for five consecutive years of sustained environmental initiatives.
- Government departments throughout the country are implementing the Eco-Schools programme.

Solar heating

During the year R600 000 was spent on solar heating installations at the Nampak-partnered schools providing teachers and learners with hot water for the first time in an energy-efficient manner. As part of the process, the learners were educated on climate change and energy sources and efficiencies other than electricity.

Indigenous garden

With the assistance of Kirstenbosch Gardens and the Department of Environmental Affairs, all exotic plants were removed from the school grounds and a mainly fynbos indigenous garden was established. It is now cared for by the teachers and students at Luhlaza, Khayelitsha in the Western Cape. A description of all the plants is displayed in a newly built information kiosk as well as next to the plants. Many members of the local community take guided tours of the gardens. In addition, work has commenced with the community on dune rehabilitation in the surrounding areas.

Water containers

The Megapak division in conjunction with Engen joined to provide 20 000 specially designed containers for holding 20 to 235 litres of water. As part of the

project, contaminated drums were substituted with safe water containers in the KwaZulu-Natal area. The project also included involvement by the Department of Health in KwaZulu-Natal. The cost of the contribution was R300 000.

Recycling initiative

Nampak provided capital of R800 000 to Apple Green Holdings (an environmentally friendly waste management company established in 2007) to encourage and build awareness with the public about the importance of recycling and to prevent recyclable materials from going to landfill. Recycling banks have been strategically placed across a number of offices, office parks and retail outlets where it is convenient for the public to drop off various recyclable packaging materials. These recycling banks are emptied on a regular basis and the materials are sold by Apple Green Holdings to various recyclers.

Health and welfare

Thembaletu (Our Trust) initiative

This assistance programme, facilitated by Nampak Tissue, manufacturers of Cuddlers disposable nappy brand, supplies specially branded disposable nappies to carefully chosen privately funded AIDS orphanages. During 2009 almost 1.3 million nappies were donated.

Hospices

Nampak donated R415 000 to five hospices around the country for their work in looking after terminally ill people, including some of Nampak's employees and family members.

Environment

Environmental management

Nampak strives to create packaging that is balanced in terms of providing product protection and preservation, is cost-effective, creates maximum consumer appeal

and at the same time takes into account environmental responsibility.

Nampak's environmental policy states its commitment to operating as an environmentally responsible company, and its belief that the integrated actions of its operations to conserve natural resources and protect the environment make business sense.

Nampak undertakes to ensure that any potentially harmful impacts of its processes and products on the environment are minimised by:

- considering the environment in all business decisions and actions;
- promoting environmental awareness, both internally and externally, including through proactive communications with stakeholders;
- continuously improving its environmental performance, measured by regular internal environmental audits that use ISO 14001 as a guideline;
- setting internal controls which recognise legislated standards and practices as minimum requirements; and
- providing the necessary financial and human resources to give effect to its environmental policy.

Nampak is committed to complying with the law in all of its operations and beyond to minimise its risks and impacts by developing robust and documented systems to measure, monitor and communicate its environmental performance both within its operations and to the broader community. Consequently, an environmental management system based on the ISO 14001 standard has been adopted within the group. Internal environmental assessments conducted during 2009 have not identified any significant environmental impacts that required special attention.

ISO 14001 certification is currently held by DivFood Mobeni and Interpak Books in South Africa, as well as



Sustainability report continued

the seven Plastics plants in Europe. The Glass and Flexible divisions are in the advanced stages of achieving ISO 14001 certification.

Climate change

Climate change represents both risks and opportunities for Nampak. For a holding company as diverse as Nampak, with interests in paper, glass, metals and plastics, and with 110 manufacturing sites, Nampak facilities are susceptible to risks ranging from shortages of resources, severe weather events to logistics interruptions.

As a packaging supplier, Nampak is indirectly exposed to the same risks and opportunities as its customers. These are assessed and deliberated with customers at divisional level as the risks and opportunities could be different across the packaging material types. Such opportunities or risks could include shifts in agriculture which could lead to changes in crop yields as well as ocean currents which could change fish supplies and the associated packaging demands. Higher temperatures could result in increased quality control requirements on products to prevent spoiling, which may at the same time present an opportunity for Nampak as customers may require different packaging. Higher ambient temperatures could also lead to increased demand for beverages. Nampak's beverage canning, polyethylene terephthalate ("PET") and glass bottling, closure and labels divisions would benefit from any increasing demand.

Nampak's research and development department consistently works on lightweighting, recycling and

other opportunities to reduce resource usage and to increase recyclable content and/or recyclability of its products to address the resource shortage risk.

The current projects are set out in more detail in the product innovation section on pages 59 and 60 of this report.

Shifts in consumer attitude towards more sustainable, less energy-intensive products present a business opportunity as it manufactures several products that can help businesses and consumers exporting to the European Union ("EU"). Nampak's significant research and development capability offers opportunities for the company to respond to a changing consumer attitude and regulatory environment, as it allows Nampak to capitalise on movements in consumption patterns driven by environmental awareness.

Nampak has adopted a dual approach to climate change.

The first approach is to establish a Nampak-specific carbon footprint using the Greenhouse Gas Emission protocol and to set appropriate targets for reductions. As more than 80% of Nampak's greenhouse gas emissions come from power consumption, the initial focus has been on obtaining specific improved efficiencies and reductions with projects already underway. These are set out on page 56 of this report.

The second approach is a lifecycle assessment process which establishes the carbon emissions of packaging products from resource usage (cradle) to the customers' premises (gate) and can be further extended in conjunction with customers to include the filled product to the end of its lifecycle.

Two projects which will increase recycled content in products and reduce greenhouse gas emissions are set out below:

Nampak Plastics Europe HDPE milk bottle

Nampak Plastics Europe is a founding member of the team involved in the preparation of a UK dairy industry initiative with the UK Government's Department for the Environment, Food and Rural Affairs (Defra). Known as the Milk Roadmap, targets have been set by the industry and Government to reduce the environmental impacts of producing and consuming liquid milk.

These targets include the use of post-consumer milk bottles as a raw material for new bottles. By 2010, 10% recycled content is required rising to 30% recycled content by 2015 and, finally, 50% recycled content by 2020.

It is a year since the publication of the Milk Roadmap and Nampak Plastics is on course to meeting the milk packaging-related targets in terms of recycled content.

The £1.1 million investment at Nampak's seven UK sites to enable the inclusion of post-consumer waste milk bottles is completed, and by early 2010, all of Nampak's UK-produced HDPE milk bottles will contain up to 10% recycled content. This investment also assists with the group's next ambitious target of reaching up to 30% during 2011/2012, well ahead of the Milk Roadmap's target.

These figures are significant given that for every ton of HDPE milk bottles recycled and used within the manufacture of new milk bottles:

- a ton of virgin material is saved;
- a ton of landfill (and its associated costs/taxes) is avoided; and
- a ton of CO₂ is saved by the material not going to landfill or incineration.

By fulfilling the first Milk Roadmap target of up to 10% recycled content into all 130 000 tons of plastic milk bottles used within the UK dairy industry, more than 13 000 tons of waste will be saved (and 13 000 tons of virgin material will not be required, therefore extending oil reserves).

As a further demonstration of Nampak's commitment to using post-consumer milk bottles as a raw material for new bottles, the company has set up an educational-based website www.bottle2bottle.com. Here, the story of recycling HDPE milk bottles is told and, during 2009, a dedicated *Education Zone* was added to the website. Incorporating facts and figures about HDPE and recycling, as well as a video-based recycling loop diagram, the material is presented in a format appropriate to school children. The group undertook a direct promotion to UK schools on the launch of the *Education Zone*, which resulted in an eightfold increase in visitors to the website.

In line with the requirements of the UK Government's Carbon Reduction Commitment (CRC), the division has taken proactive steps to avoid costly obligations by signing up to the British Plastics Federation's Climate Change Agreement (CCA).

The CRC is due to be implemented from April 2010 and will require qualifying UK industries to reduce their relative energy consumption by 12% from the base (calendar) year 2006 to calendar year 2010. By meeting its own energy usage reduction targets and the responsibilities set out in the CCA, Nampak Plastics is able to claim an 80% reduction from its energy supplier on the Climate Change Levy (which it pays on electricity and LPG) from the date it joined the scheme up until the end of March 2013.



Sustainability report continued

Nampak Wiegand Glass energy and emission reductions

The installation of a cullet sorting plant at Nampak Wiegand Glass has been approved and the project has commenced. Cullet is recycled container glass from bottles, jars and other similar glass vessels and forms a raw material in the glass manufacturing process. Cullet needs to be sorted by colour, magnetic waste needs to be removed as well as any other plastics and paper before it can be used as a raw material. It is anticipated that the plant will be operational in 2010.

The use of glass cullet allows a reduction of virgin raw materials and reduces the amount of energy required to produce glass as it is processed at a lower temperature. A 10% increase in cullet reduces melting energy requirements by 2.5%.

It will also reduce CO₂ emissions when the plant is fully operational.

It is anticipated that the cullet used will increase by approximately 10%.

In addition, the cullet sorting plant results in cleaner cullet which reduces furnace maintenance requirements and extends the life of a furnace.

- returning condensate to boiler hot-wells where such installations did not exist;
- monitoring compressors and their loading;
- eliminating leaks where they occur;
- introducing “phased start-up systems” at operations;
- balancing power reticulation within the factories; and
- using liquid petroleum gas in place of coal to reduce the carbon footprint.

The energy usage for the South African operations was 1 496 000 MWH during 2008. This has reduced to 1 352 297 MWH during the reporting period. The reductions are primarily as a result of the energy savings initiatives underway, the current economic climate and, to some extent, closure of some small operations.

Reductions in electricity usage and greenhouse gas emissions have been achieved at DivFood and Flexible operations during the year where the heating method in some of their ovens has been changed from electricity to liquid petroleum gas. Further initiatives of this nature have been planned for 2010.

In addition, significant savings in electricity and greenhouse gas emissions have also been achieved as a result of the paper mills at Tissue and Corrugated changing their heating methods from coal to natural gas.

The coal usage in Corrugated plants has reduced by some 30% per annum with the introduction of an energy efficiency project on equipment which utilises steam and recovers condensate during the heating process.

Energy usage

The total energy usage is set out below:

Energy consumed in MWH	South Africa	Europe
Electricity	618 985	226 081
Liquid petroleum gas, coal, fuels	286 143	525 321
Natural gas	447 169	—
Total	1 352 297	751 402

Energy-efficiency initiatives are underway within the group and include:

- inspecting, repairing and upgrading the power factor correction equipment in each operation;
- replacing lighting with more efficient types of lamps and fittings in each operation;
- efficient operating of boilers;
- surveys on steam reticulation and steam losses;

Spills

Nampak is pleased to report that there were no significant spills during the year under review.

Carbon disclosure project (CDP 7)

Nampak participated in the CDP during the year under review. The carbon disclosure project provides a coordinating secretariat for institutional investors with

a combined \$55 trillion of assets under management. It seeks information on their behalf on the business risks and opportunities presented by climate change and green house gas emissions' data from the world's largest companies.

As global understanding of climate change and the associated risks and opportunities continues to develop, investors are increasingly demanding more advanced corporate disclosure on carbon emissions. In particular, they want to understand the potential impact on their investment due to:

- taxation and regulation;
- changes in climate system;
- technological innovations; and
- shifts in consumer attitudes and demand.

In 2008 a total of 1 790 companies participated worldwide. This included 82% of FT500 companies. In South Africa, the top 100 companies listed on the JSE, including Nampak, were invited to participate in the CDP questionnaire. Nampak participated on a non-disclosure basis.

Biodiversity

Nampak's operations are not situated in or adjacent to protected areas.

Recycling

Packaging is a vital component of modern living, providing protection, portability, preservation and convenience, as well as attracting customers to customers' products. The group is acutely aware of the impact that packaging products can have on the environment. As a consequence, the group is directly involved in many recycling initiatives, including the following:

Metals

Collecta-Can, which is a joint venture with Nampak and Arcelor Mittal, collects and recycles used beverage

cans. Collecta-Can is subsidised by shareholders to create an incentive for people to collect cans. It operates across borders on the subcontinent, where cans of South African origin are sold.

A study performed by A C Nielsen in 2004 verified that the number of people earning or supplementing their income from collecting cans ranged from 1 10 000 to 160 000 at any one point in time. Over R400 million has been paid to collectors over the last 12 years.

Southern Africa is a world leader in steel beverage cans recovery rates at 72%. These figures make the can the most successfully recycled primary packaging in South Africa. It exceeds the latest published rates for the United States and most European countries, with South Africa ranking sixth worldwide in terms of recovery rates. Japan, China and South Korea have the highest recycling rates at 88%, 75% and 73% respectively.

In terms of source reduction, the weight of the 340 ml beverage can has reduced from 73 g in 1995 to 31 g today.

Glass

Roughly 26% of glass produced in South Africa is currently recycled. Nampak, together with other industry players and government, participated in the restructuring of the South African glass recycling supply chain, and was also a founding sponsor of the Glass Recycling Company, which aims to promote and increase the recovery rate of glass by creating awareness about the importance of protecting the environment. The Glass Recycling Company's target is to increase glass recycling to 50% by 2013, from an original base of 25% in 2008.

Nampak Wiegand Glass uses 35% to 45% of cullet, which is recycled waste glass, in the manufacturing process, thus reducing energy consumption and greenhouse gas emissions.

Sustainability report continued

Nampak Wiegand Glass achieves Gold Pack Sustainable Packaging Award in 2009

In response to international retailers' demands for less packaging in order to achieve waste reduction targets, Nampak Wiegand Glass has reduced the 750 ml export wine bottle weight from 440 g to 370 g by designing the lowest weight bottle.

The lightweight bottle

- reduces the pack weight by 21%, thereby opening up new markets for South Africa's wine exports;
- reduces carbon emissions as a result of using lower quantities of raw materials and energy in the manufacturing process; and
- is also fully recyclable.

Paper

The recycling rate for the recovery of paper as a percentage of recoverable paper in South Africa is 58.6% (54.5% in 2007), as reported by the Paper Recycling Association of South Africa for 2008.

Nampak collected and recycled some 220 000 tons of waste paper and board against 200 000 in 2008. It is anticipated that this figure will increase as the brown paper mill at Rosslyn becomes fully operational.

The cartons businesses in Europe as well as Cartons & Labels in Epping subscribe to the Forest Stewardship Council ("FSC") which provides global standards for forest management. As part of the process, forest products are tracked through processing, conversion, distribution and printing before the product can carry the final FSC label and the independently verified Chain of Custody certification.

Plastics

The Plastics divisions continue to participate in the Enviromark and other initiatives driven by the South African Plastics Federation. The Enviromark's main focus is on plastics education for the public, especially the youth, as well as national clean-up campaigns.

Nampak's executives are active at both the Plastics Convertors Association and the Plastics Federal Council in assisting with various Enviromark initiatives.

Significant progress has been made on the recycling of plastic milk bottles in the United Kingdom, and details of this initiative and targets can be found on page 55 of this report.

Nampak Polycyclers converts some 5 100 tons per annum of recycled polyethylene into crates, refuse bins and buckets. This is down from 6 000 tons in the previous year due to quiet market conditions.

In terms of PET products, the focus is on source reduction and reuseability. The weight of the PET two litre bottle has reduced from 68 g in 1979 to 54 g today. Further strength testing of the two litre PET bottle has confirmed that the weight can be reduced from 54 g to 52 g through reducing the bottle neck size. Plans are in place with Nampak's major carbonated soft drink customers to introduce the lower weight bottle by 2011. This will also result in a smaller cap being required. In addition, some PET bottles are returnable, encouraging reuse.

Petco is an industry-driven and financed environmental solution for PET packaging. Nampak was one of the founding members and remains active with two representatives on the current Petco (Pty) Limited board. Petco was registered in December 2004. The main objective is ongoing consumer and public awareness of recycling initiatives. Petco fulfils the industry role of extended producer responsibility.

PET recycling rates are as follows:

	2009	2008
Percentage beverage bottles recycled	28%	24%
Percentage of total PET markets	20%	17%

There are many end-uses for recycled PET in the form of:

- staple fibres (pillows, clothing and duvets); and
- geotextile fibres.

Reuse of recycled PET in packaging should be an option in the near future.

Megapak division resigned from the Responsible Container Management Association of Southern Africa and became affiliated to the Rose Foundation with a view to extending their recycling responsibility to include containers. The Rose Foundation currently recycles used oils, which are stored in containers. Synergies to improve environmental conservation are presently being explored.

In South Africa it is almost impossible to calculate with accuracy the number of collectors and recyclers across the various material types, but current research indicates that there are in excess of 100 000 who receive a source of income.

Product and service innovation

Nampak's Research & Development department ("R&D") has an impressive 60-year track record, and is at the forefront of its field, standing amongst the global leaders in packaging science and technology. It provides the group's customers with an impressive value-added service, delivering packaging products that improve living standards and lifestyles.

The skills set is comprised of a highly trained team of 29 scientists and 14 technicians (including one of Nampak's school-partnered bursars who joined Nampak after completing her studies) utilising the latest, state-of-the-art analytical and design tools. These experts have a formidable knowledge of material science, chemical analysis, food science and microbiology. They are backed by an extensive database compiled from decades of experience and case studies. This provides Nampak and its customers with the expertise to package their products in a way that enables them to gain a significant value-added advantage over the competitors.

Shifts in consumer attitude are researched in focus groups, by both Nampak and its customers, to enable R&D to keep pace with changing consumption trends. An innovation process and subsequently a specific innovation room has been established at R&D for Nampak divisions and customers to consider product advancements and designs.

Nampak aims to increase recyclability of packaging, believing this to be a more sustainable solution than biodegradability. Packaging extends the shelf life of products, but increased awareness of waste drives a trend to reduce perceived "overpackaging". This requires constant innovation from Nampak's various divisions.

Metals

Investigations into lightweighting both the two-piece and three-piece food can have resulted in a further reduction in can weights during the year. R&D continues with physical performance tests such as panelling and top-load of experimental lightweighted cans. Testing of steel from international suppliers is under way. This initiative, which was born out of a cost-saving exercise, will result in significant resource conservation in the near future.

Lacquer system for metal packaging

A universal lacquer has been sourced and developed into a family of four lacquers to coat the inside of food cans. This has replaced the 11 different lacquer system during the year, which has resulted in improved operating efficiencies. There has also been significant benefit to the environment as a result of less wash-up requirements and therefore reduced water usage as well as less waste disposal.

Paper

Constant work is done to establish new or different sources of raw material as potential recyclable waste paper, including identification of paper that is currently unsuitable for recycling.



Sustainability report continued

Nampak Corrugated division has increased the portion of recycled paper in its board and has used all the board produced by the brown paper mill at Rosslyn in its products. Research continues to be conducted on strength tests between recycled and virgin material to determine an optimal level of recycled content.

The evaluation of coating materials to replace wax impregnation of board was undertaken. Wax has been replaced with Hydraban coating from an international supplier, which results in greater recyclability of used corrugated products.

The cartons plants have aligned their purchasing strategies so that they are able to participate in the Forestry Stewardship Council Chain of Custody certification, which tracks certified material through all successive stages of manufacturing and distribution, from the forest to the consumer. This enables Nampak to meet customer requirements and to provide end-users of products with assurance that they are environmentally friendly.

Plastic

During the year South Africa's first multi-layer co-extruded bottle for aseptically filled dairy products was launched for long-life milk by Nampak Liquid Packaging in conjunction with its customers Homsek Dairies and Woolworths. All three layers of the bottles, as well as the caps, are made from HDPE, which makes the pack 100% recyclable.

Lightweighting of PET bottles is being driven by Petpak, and R&D has measured carbonation retention and the physical properties to check their conformance with Coca-Cola's standards. This exercise supports the introduction of lighter two litre bottles from 2011.

The group is monitoring the ongoing debate on the issue of biodegradable plastics for packaging. As long as biodegradable plastics are not regarded as a viable option due to their contamination of the recyclable plastics waste stream, the group is promoting resource conservation and recycling initiatives.

Compliance of packaging-chemical migration

Together with suppliers and customers, R&D is monitoring local and international regulatory environment for changes which may impact packaging compliance for food contact materials.

Product stewardship

Hazard Analysis Critical Control Point ("HACCP") is an internationally recognised, systematic and scientific approach to the identification and control of hazards in food preparation, processing, manufacturing and use to ensure that the food is safe to consume. Altogether 23 South African plants operate according to the HACCP procedures. They are audited annually by the South African Bureau of Standards to verify conformity.

In addition, seven Corrugated, Flexible and Bevcan divisions run the AIB (American Institute of Bakers) programme, which incorporates the HACCP programme.

The plastics and cartons operations situated in the United Kingdom and the Netherlands that produce packaging for foodstuffs conform to the British Retail Consortium Institute of Packaging standard, which is held and required by all the major retailers and brand owners.

Nampak Wiegand Glass received certification in ISO 22000 during the year, joining Cartons and labels in Epping and Kwa-Zulu Natal that are already certified. The Sacks division aims to achieve certification by the end of 2010. ISO 22000 for food safety management ensures integrity of the food supply chain.

All the healthcare sites in the United Kingdom and Ireland that produce packaging for the pharmaceutical industry are PS 9000 accredited. Whilst Italy and Northern Europe work to this standard, they have not been formally accredited.

Quality

Another 74 Nampak operations are ISO 9001 Quality Management System certified. Fulfilment of this international standard effectively provides assurance about the quality, safety and reliability of Nampak's products.

GRI performance indicator table

The GRI performance indicator table reflects the Level C reporter requirements that have been included in this report and does not reflect the full list of indicators.

G3 indicator	Description	Page
1. Strategy and analysis		
1.1	Statement from senior decision-maker	Reference to AR, page 9
2. Organisational profile		
2.1	Organisation's name	Reference to AR, front cover
2.2	Major products	Reference to AR, pages 2, 3
2.3	Operational structure and major divisions	Reference to AR, pages 6, 7
2.4	Location of headquarters	Reference to AR, IFC
2.5	Countries of operation	Reference to AR, page 3
2.6	Nature of ownership	Reference to AR, pages 92, 133
2.7	Markets served including geographic breakdown/sectors served/customers	Reference to AR, page 2
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	Reference to AR, pages 28, 29
2.9	Significant changes during reporting period	About this report, page 92
2.10	Awards	Page 34
3. Report parameters		
3.1	Reporting period	About this report, page 34
3.2	Date of previous report	About this report, page 34
3.3	Reporting cycle	About this report, page 34
3.4	Contact point	About this report, page 34
3.5	Process for defining report content	About this report, page 34
3.6	Boundary of the report	About this report, page 34
3.7	Limitations on the scope or boundary of the report	About this report, page 34
3.8	Basis for reporting on joint ventures, etc.	About this report, page 187
3.10	Restatements of information	About this report, page 34
3.11	Significant changes from previous reporting periods	About this report, page 34
3.12	GRI Content Index table	Pages 61, 62, 63
4. Governance, commitments and engagement		
4.1	Governance structure including committees	Governance, pages 64 to 70
4.2	Indicate whether chair of highest governance body is also an executive officer	Reference to AR, page 64 Governance section
4.3	Percent of independent directors	Reference to AR, page 64 Governance section
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to highest governance body	Governance, page 41

Sustainability report continued

G3 indicator	Description	Page
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social topics	Code of conduct and business ethics, page 42
4.13	Significant memberships in associations and/or advocacy organisations	Stakeholders, page 40
4.14	List of stakeholder groups	Stakeholders, page 40
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholders, pages 39, 40
4.16	Approaches to stakeholder engagement, including frequency and type	Stakeholders, page 48
Economic performance indicators		
EC1	Direct economic value generated and distributed	Value added statement, page 43
EC2	Financial implications and other risks and opportunities due to climate change	Nampak and climate change, page 54
EC3	Coverage of the organisation's defined benefit plan obligations	Reference to AR, pages 146, 147, 148, 149, 150, 151
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	Black economic empowerment, page 44
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Black economic empowerment, CSI, pages 46, 52
Environmental performance indicators		
EN3	Direct energy consumption by primary source	Energy consumption, page 56
EN4	Indirect energy consumption by primary source	Energy consumption, page 56
EN5 (additional)	Total energy saved due to conservation and efficiency improvements	Energy efficiency initiatives, page 56
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity, page 57
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Recycling, page 57
EN13	Habitats protected or restored	Biodiversity, page 57
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Climate change, pages 55, 56
EN23	Total number and volume of significant spills	Spills, page 56
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Recycling initiatives, and product and service innovations, pages 57, 58, 59, 60
EN27	Percentage of products sold and their packaging materials that are reclaimed by product category	Recycling, pages 57, 58, 59
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Business ethics, page 41

G3 indicator	Description	Page
Labour practices and decent work		
LA1	Total workforce by employment type, employment contract, and region	Staff complement, page 49
LA3 (additional)	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Partially addressed on page 51
LA4	Percentage of employees covered by collective bargaining agreements	Employee relations, pages 50, 51
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	Pages 49, 50
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	Employee Assistance Programme, and HIV and AIDS, page 49
LA9 (additional)	Elements of occupational health and safety management approach	Occupational health and safety, pages 49, 50
LA10	Average hours of training per year per employee by employee category	People development, pages 47, 48, 50
LA11 (additional)	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	People, page 51
LA12 (additional)	Percentage of employees receiving regular performance and career development reviews	People development, page 36
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Refer to B-BBEE section on page 46
Human rights		
HR4	Total number of incidents of discrimination and actions taken	Business ethics, page 42
HR6	Operations identified as having significant risk for incidents of child labour, measures taken to contribute and eliminate child labour	Business ethics, page 42
Society		
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	Corporate social investment, pages 51, 52, 53
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures	Business ethics, page 42
SO4	Actions taken in response to incidents of corruption	Business ethics, page 42
SO5	Public policy positions and participation in public policy development and lobbying	Page 40
SO7 (additional)	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	Business ethics, page 42
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Compliance, page 42

Corporate governance report

Nampak's board of directors is committed to ensuring that the group adheres to the highest standards of corporate governance in the conduct of its business. The group's structures and processes are adapted from time to time to reflect best practice standards.

In the year under review Nampak complied with all the requirements for corporate governance of the JSE Limited and the principles of King II. During the 2010 financial year the board will consider the third King Code of Governance Principles (King III) and will introduce measures to apply the principles contained therein, or report on any areas of non-compliance.

Board of directors

Nampak's board comprises three executive and nine non-executive directors. All the non-executive directors are considered by the board to be independent with the exception of Messrs RJ Khoza and MH Visser. Although Mrs Molohe has been allocated a small number of shares in Nampak she is not a member of the broad-based BEE consortium which holds 5% of the issued share capital of Nampak and consequently she meets all the criteria for independence.

During the year under review the following changes to the board occurred:

- Mr RA Williams retired as a non-executive director on 21 November 2008.
- Messrs RC Andersen and PM Madi were appointed as non-executive directors on 21 November 2008.
- Mr GE Bortolan retired as CEO on 28 February 2009 and as a director on 31 March 2009. Mr AB Marshall was appointed as chief executive officer and executive director on 1 March 2009.
- Messrs DA Hawton and MM Katz retired as non-executive directors on 29 July 2009.
- Mr PM Surgey was appointed as a non-executive director and Mr FV Tshiqi as an executive director on 29 July 2009.
- Mr TN Jacobs resigned as chief financial officer and executive director on 31 August 2009.
- Mr G Griffiths was appointed as chief financial officer and executive director on 1 September 2009.

The following changes have occurred since the end of the period under review:

- The chairman, Mr Trevor Evans, announced on 7 October 2009 that he will retire as chairman during 2010. An announcement regarding the date of his retirement and the appointment of a new chairman will be made in due course.
- Mr ML Ndlovu resigned as a non-executive director on 16 October 2009.
- Mr KM Mokoape resigned as a non-executive director on 23 October 2009.
- Ms DC Moephuli was appointed as a non-executive director on 23 November 2009.

The board's responsibilities are contained in a formal charter and include the following:

- To review and approve corporate strategy.
- To approve and oversee major capital expenditure, acquisitions and disposals.
- To monitor operational performance and management.
- To review annual budgets and business plans.
- To identify and monitor key risk areas.
- To ensure that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations.
- To approve the appointment and replacement, where necessary, of the chief executive officer and other senior executives and to oversee succession planning.

- To approve the nomination of directors and to monitor the performance of all the directors, including the chairman and the chief executive officer.
- To oversee the company's disclosure and communication process.

The positions of chief executive officer and chairman are separated, with responsibilities divided between them for matters affecting the board and management.

The board meets at least six times per annum and the details of attendance in financial year 2009 are provided at the end of this report. The board is responsible for the strategic direction of the group, while also maintaining control over all material matters affecting the group including operational performance, risk management and the selection of directors. All service contracts with executive directors may be terminated on notice periods not exceeding six months. All directors are subject to retirement by rotation and re-election by shareholders every three years, other than the chief executive officer during the period of his service contract. The reappointment of non-executive directors is not automatic. The appointments of new directors are subject to confirmation by shareholders at the first annual general meeting after their appointment. Biographical details of all the directors are set out on pages 4 and 5 of this annual report.

There are comprehensive management reporting disciplines in place, which include the preparation of annual budgets by all operating units. The strategic plan, the group budget, summaries of divisional sales, operating profit and capital expenditure are reviewed and approved by the board. Results and the financial status of divisions are reported on at board meetings against approved budgets and compared to the prior year. Profit projections, forecast cash flows and working capital and borrowing levels are also reported on at these meetings.

All directors have access to the advice and services of the company secretary. In appropriate circumstances

they may seek independent professional advice about the affairs of the company at the company's expense. The director concerned would initially discuss and clear the matter with the chairman or the company secretary unless this would be inappropriate.

An orientation and induction programme for directors is in place. A formal evaluation of the board and its committees is usually carried out annually, but the board decided to postpone a formal evaluation during the year under review due to the large number of changes to the composition of the board and its committees. An evaluation will be carried out during the 2010 financial year.

Board committees

During the year under review the board was assisted by four formal committees. The terms of reference and composition of each committee is set out below.

Remuneration and nominations committee

Members:

T Evans (chairman)
 RC Andersen
 ML Ndlovu
 PM Surgey

(Note: Messrs DA Hawton and MM Katz resigned as members of the committee on 29 July 2009 and Mr ML Ndlovu resigned as a member on 16 October 2009. Messrs RC Andersen and PM Surgey were appointed as members of the committee on 29 July 2009.)

During the year under review the committee was chaired by an independent director of the company and in addition comprised three independent directors. Meetings were attended by the chief executive officer and the group human resources director, but they did not participate in discussions regarding their own remuneration.

Corporate governance report continued

The committee met formally on four occasions.

It operated within written terms of reference which were adopted on 10 September 2002.

The terms of reference provided direct authority to the committee to consider contractual arrangements of executives including general remuneration policy. The committee was authorised to approve executive remuneration that was fair and competitive, after taking into account the business strategy and talent retention. In addition, the committee considered the structure, size and composition of the board, succession and retention.

The committee also reviewed the executive recommendations for non-executive directors' fees and committee fee structures (excluding remuneration and nominations committee fees) against market data before submissions to the board and finally shareholders at the annual general meeting for approval.

With effect from 2 November 2009 the board resolved to establish separate committees to deal with remuneration and nominations, in line with best practice.

Audit committee

Members:

RV Smither (chairman)

RC Andersen

CWN Molope

(Note: Mr RA Williams resigned as a member of the committee on 21 November 2008 and Mr MM Katz resigned as a member of the committee on 29 July 2009. Mr RC Andersen was appointed as a member of the committee on 21 November 2008).

The board appoints an audit committee at the commencement of each financial year. The committee is chaired by an independent non-executive director of the company and in addition comprises two independent, non-executive directors.

The committee operates within written terms of reference which are reviewed and updated regularly. The responsibility of the committee includes:

- the nomination for appointment as auditor of the company of a registered auditor who, in the opinion of the committee, is independent of the company;
- the determination of the fees to be paid to the auditor and the auditor's terms of engagement;
- the determination of the nature and extent of any non-audit services which the auditor may provide to the company;
- the pre-approval of any proposed contract with the auditor for the provision of non-audit services to the company;
- the evaluation of the performance of the external auditor;
- the review and evaluation of the effectiveness of the internal controls of the group (with reference to the findings of both the internal and external auditors);
- monitoring and supervising the effective function of internal audit;
- the review of the annual financial statements, the interim reports and any other announcement regarding the group's results or other financial information to be made public;
- review of the process for financial reporting; and
- monitoring compliance with laws and regulation, material pending litigation, material defalcations, risk management, insurance covers, the ethics policy of the group, important accounting issues and specific disclosures in the financial statements.

The committee meets at least twice per year and the meetings are also attended by appropriate executives including the chief executive officer and the chief financial officer. During the year under review the committee met three times. At its meetings the committee reviews the group's financial results, receives and considers reports from the internal and external auditors

on the results of their work and attends generally to its responsibilities. The board also meets separately with the external auditors to obtain assurance that they have received full co-operation from management, while the committee chairman meets regularly with key executives to review issues which require consideration by the committee.

During the year under review the committee performed the functions required of an audit committee on behalf of all subsidiaries in the group which have been incorporated in the Republic of South Africa.

Risk management committee

Members:

CWN Molope (chairperson)

PM Madi

RV Smither

AB Marshall

G Griffiths

(Note: Mr GE Bortolan resigned as a member of the committee on 28 February 2009 and Mr TN Jacobs resigned as a member on 31 August 2009.

Mr AB Marshall was appointed as a member of the committee on 1 March 2009, Mr PM Madi as a member on 29 July 2009 and Mr G Griffiths as a member on 1 September 2009.)

The risk management committee operates within written terms of reference. The responsibility of the committee includes:

- to establish and maintain a common understanding of the risk environment, including a review of risks facing the group;
- to review risk management measures adopted by the group;
- to review risk identification and measurement methodologies;

- to review the adequacy of the group's insurance cover; and

- to co-ordinate and oversee the group's risk management and assurance efforts.

The committee met twice during the year. Appropriate senior executives are invited to attend the committee meetings.

Transformation and sustainability committee

Members:

ML Ndlovu (chairman)

KM Mokoape

PM Surgey

(Note: Mr PM Surgey was appointed as a member of the committee on 29 July 2009. Mr ML Ndlovu resigned as chairman of the committee on 16 October 2009 and Mr KM Mokoape resigned as a member of the committee on 23 October 2009. Mr PM Madi was appointed as a member and chairman of the committee on 9 November 2009.)

The committee is chaired by a non-executive director and in addition comprises at least one further non-executive director. The committee meets at least twice per year and the meetings are also attended by appropriate executives including the chief executive officer. The committee's primary functions are set out in detail on page 41 of this report. The committee met three times during the year.

Risk management

Accountability

The focus of risk management is on identifying, assessing, managing, monitoring and reporting material forms of risk across the group.

The board is accountable for the total process of risk management and internal control. Its policy on risk



Corporate governance report continued

management encompasses all significant business risks to the group including strategic, financial, operational, technology, compliance, environmental and social risks.

The risk environment in which the business operates is ever-changing. Each level of management, from the board of directors downwards, is responsible for regular appraisals of the risk environment in which they operate, and to ensure that significant risks are identified, assessed, managed and reported on.

The risk management framework defines the company's risk management standards and procedures, which in turn guide how significant risks are identified, assessed, managed and reported on, and are based on the requirements of the King II Code of Corporate Practices and prevailing best practice.

Structure

Group internal audit is responsible for facilitating the risk management and assurance processes across the group. The internal audit programme is continuously aligned with the results of the risk management programme.

Risk Assessment

Formal risk assessments are completed annually at each division and group support function using a proprietary risk management software and structured methodology. The group continuously benchmarks its enterprise risk management processes with prevailing best practices and enhances and aligns them therewith.

The risk assessment methodology used evaluates the possible impact of the risk assessed, and formalises the mechanisms and measures used to monitor, manage and control those risks. These are reviewed at group level through a consolidated risk register.

The risk assessment process has determined the estimated value at risk of the group's top risks worldwide. The group's main residual risks (which are

the risks after factoring in the implemented controls) identified by this process, as at 30 September 2009, listed alphabetically are:

- currency volatility
- costly and continuous supply of electricity
- effects from global economic slowdown
- environmental management
- financial markets – liquidity and interest rate risk
- global procurement trends
- inbound supply chain dependency
- market dynamics
- reputation
- retention and development of human capital
- project risk
- credit risk

Risk response and assurance

A group-wide system of internal control is used to manage significant risks. This provides reasonable assurance that the company's business objectives will be met, even in the event of a disastrous incident impacting on activities.

Risks are further controlled and managed by group policies limiting exposure in specific areas such as finance, treasury, human resources, marketing, procurement, quality assurance, as well as external and internal insurance programmes. Furthermore, risk and control audits of all plants are carried out annually to check compliance against written standards and the occupational health and safety requirements.

The group seeks to maintain a sound system of internal control, based on its policies and guidelines, in all material associates and joint ventures. Where this is not possible, the responsible directors seek assurance that significant risks are being managed in an acceptable manner.

Accountability and audit

During the period under review the audit committee nominated Deloitte & Touche for appointment as auditor of the company. The committee is satisfied that the external auditors are independent of the group.

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going-concern basis for preparing the financial statements.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They are based on appropriate accounting policies which have been consistently applied and are supported by reasonable and prudent judgements and consistent estimates. Adequate accounting records and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

The effectiveness of internal controls and systems is monitored through the utilisation by management of formal reporting of material defalcations and other losses and the use of an internal audit department.

The internal audit department is an independent appraisal function which reviews the adequacy and effectiveness of internal controls and the systems which support them. This includes controls and systems at the operating entities and in relation to business and financial risks which could have an adverse effect on the group. Weaknesses identified by the internal auditors are brought to the attention of the directors and management. The head of the internal audit department

reports directly to the chairman of the audit committee, but is responsible administratively to the chief financial officer. He may be dismissed or appointed only with the concurrence of the audit committee. The purpose, authority and responsibility of the internal audit department are formally defined.

The external auditor's annual audit plan is approved at a meeting of the audit committee. The external auditors provide an independent assessment of internal controls and systems through the audit work that they perform. They complement the work of the internal auditors and review all internal audit reports on a regular basis. The external auditors are also responsible for reporting on whether the financial statements are fairly presented, and their report is presented on page 91.

During the year under review the audit committee determined the fees to be paid to the external auditor and the external auditor's terms of engagement. In addition, the committee determined the nature and extent of non-audit-related services to be provided by the external auditor and preapproved contracts with the external auditor for the provision of non-audit services to the company.

During the year under review the value of the non-audit-related services provided by the external auditors to the company was as follows:

	Rm
• Consultancy services for the implementation of the ERP system	6 700
• Taxation consultancy services	2 041
• Legal/forensic/other	1 118
• Human resources	430

No complaints were received by the audit committee during the year under review with respect to the accounting practices or internal audit of the company, nor with respect to the auditing of the group's financial statements.



Corporate governance report continued

Ethics

Nampak's Code of Conduct and Business Ethics was reviewed and updated during the year under review. It requires all directors and employees to act with honesty and integrity and to maintain the highest ethical standards. The code deals with compliance with laws and regulations, conflicts of interest, relationships with customers and suppliers, gifts and favours, remuneration, outside employment, directorships, company funds and property, confidentiality, company records and communications, competition, sustainability, insider trading, donations and sponsorships, and employment and labour rights. All employees are bound by the Code of Conduct and Business Ethics.

Nampak operates "Tip-offs Anonymous", which allows callers to report confidentially on any violations of Nampak's policies and procedures. All disclosures received, resultant investigations and the outcome thereof are communicated and reported to the audit committee. A total of 72 calls were logged during the year under review.

Systems and procedures are in place to monitor and enforce the code and the directors believe that the requirements of the code have largely been met by employees.

Price-sensitive information

In accordance with the JSE Limited's guidelines on price-sensitive information, the company has adopted a policy dealing with the determination of information as price-sensitive, confidentiality undertakings and discussions with the press, institutional investors and analysts. Only the chairman, the chief executive officer, the chief financial officer and the investor relations manager may discuss matters which may involve price-sensitive information with third parties. The company follows a 'closed period' principle, during which period employees and directors are prohibited from dealing in the company's shares.

The usual closed periods endure from the end of March until the publication in May of the interim results for the six-month period ended 31 March and from the end of September until the publication in November of the financial results for the year ended 30 September. Additional periods may be declared 'closed' from time to time if circumstances warrant this action.

Attendance at board and committee meetings during the year ended 30 September 2009

	Board		Audit committee		Transformation and sustainability committee		Remuneration and nominations committee		Risk management committee	
	A	B	A	B	A	B	A	B	A	B
RC Andersen+	4	4	2	2	—	—	1	1	—	—
GE Bortolan**	7	7	—	—	—	—	—	—	1	1
T Evans	7	7	—	—	—	—	4	4	—	—
G Griffiths++++	—	—	—	—	—	—	—	—	—	—
DA Hawton***	7	6	—	—	—	—	3	2	—	—
TN Jacobs****	7	7	—	—	—	—	—	—	2	2
MM Katz***	7	5	3	2	—	—	3	2	—	—
RJ Khoza	7	7	—	—	—	—	—	—	—	—
PM Madi+	4	4	—	—	—	—	—	—	—	—
AB Marshall++	3	3	—	—	—	—	—	—	1	1
KM Mokoape	7	7	—	—	2	2	—	—	—	—
CWN Molope	7	6	3	2	—	—	—	—	1	1
ML Ndlovu	7	6	—	—	2	2	4	4	—	—
RV Smither	7	6	3	3	—	—	—	—	2	2
PM Surgey+++	—	—	—	—	—	—	1	1	—	—
FV Tshiqi+++	—	—	—	—	—	—	—	—	—	—
MH Visser	7	6	—	—	—	—	—	—	—	—
RA Williams*	3	1	1	1	—	—	—	—	—	—

Column A indicates the number of meetings held during the period the director was a member of the board and/or committee.

Column B indicates the number of meetings attended during the period the director was a member of the board and/or committee.

* Resigned with effect from 21 November 2008.

** Resigned with effect from 31 March 2009.

*** Resigned with effect from 29 July 2009.

**** Resigned with effect from 31 August 2009.

+ Appointed with effect from 21 November 2008.

++ Appointed with effect from 1 March 2009.

+++ Appointed with effect from 29 July 2009.

++++ Appointed with effect from 1 September 2009.

Remuneration report

This report of the remuneration and nominations committee has been approved by the board. The associated tables of directors' remuneration, their pension entitlements, and the awards made in terms of the long-term incentive plans, including the share appreciation plan and performance share plan, have been audited by Deloitte, and should be read in conjunction with this report.

The remuneration and nominations committee

The remuneration and nominations committee ("remcom") is a committee of the board and usually meets three times each year. Attendance at these meetings is shown on page 71. The role of the remcom includes the following mandates:

- To consider general remuneration policy for directors and senior executives.
- To approve remuneration packages for directors.
- To approve managerial incentive bonus scheme structures, group financial targets and executive directors' and senior executives' individual performance criteria.
- To recommend the legal documentation for the share plans to shareholders and to approve allocations within the approved terms.
- To approve executive service contracts.
- To review recommendations from the company for non-executive director fees, other than for members of the remcom, and to submit these to the board before final recommendations are made to shareholders.
- To consider the balance and effectiveness of the board, including its structure, size and composition.
- To consider succession plans to ensure sufficient depth to meet manpower requirements.

The minutes of the remcom meetings are circulated to directors. The remcom is entitled to use external consultants to seek advice on certain matters, and to this end, appropriate experts have advised the remcom during the year. PricewaterhouseCoopers has advised on executive directors' and non-executive directors' remuneration and the long-term incentive plan structures. Deloitte Consulting and Global Remuneration Solutions

have provided benchmarks of pay levels for both executive and non-executive directors' remuneration. No other remuneration related services have been provided by these organisations. The chief executive officer and group human resources director attend the remcom meetings, except when their remuneration is discussed. The chief executive officer also provides input into the committee regarding the remuneration of his direct reports.

Members of the remuneration and nominations committee

Membership criteria of the remcom are set out in the terms of reference and the current members are:

- T Evans (chairman)
- RC Andersen (appointed 29 July 2009)
- ML Ndlovu (resigned 16 October 2009)
- PM Surgey (appointed 29 July 2009)

Messrs DA Hawton and MM Katz resigned from the committee with effect from 29 July 2009.

During 2009, the remuneration and nominations aspects were covered in a combined meeting chaired by the chairman of the board. With effect from 1 January 2010, separate committees will be established. The chairman of the board chairs the nominations committee and Mr PM Surgey was appointed to chair the remuneration committee. As the committees have the same members, the meetings will be held consecutively unless specific requirements dictate otherwise.

Changes to remuneration policy during the year

Retention payments

In response to increasing challenges around staff retention and attraction of critical skills, the board approved retention payments for certain key executives which provide for a three year lock-in period until July 2012. Executives who resign from the group before attainment of the lock-in date are required to refund the gross amount paid.

Share plans

Proposed new Deferred Bonus Plan

The introduction of the Deferred Bonus Plan as a third element to the share plan structure will be proposed at the annual general meeting. The purpose of the Deferred Bonus Plan is to encourage executive directors and certain senior executives to use up to 50% of their after tax annual bonus, awarded at an operating level, to acquire shares in the company that are retained for three years. The incentive to do so is a matching award of the number of shares purchased and held for a three year period on a one-for-one basis. The matching award will vest and shares will be delivered after three years provided the executive remains in the employ of the company.

The plan addresses retention aspects and directly aligns executive experience in share performance with that of shareholders.

Performance Share Plan and Share Appreciation Plan

The Performance Share Plan and Share Appreciation Plan Rules have been updated to adopt recent changes made to the JSE Listings Requirements. The rules also reflect that, in future, awards will not be granted under the associated Share Plan Trusts, but rather directly by the company in terms of the proposed rules. Further minor adjustments have been made to termination of employment provisions and change of control provisions to reflect current market practice.

The Nampak 1985 Share Option Scheme

The Share Option Scheme rules have also been updated to adopt recent changes made to the JSE Listings Requirements.

The salient features of the changes made under the Performance Share Plan, Share Appreciation Plan and the Share Option Scheme as well as the proposals for the Deferred Bonus Plan are included in the notice of the annual general meeting.

Remuneration philosophy

Non-executive directors

The board considers recommendations on non-executive directors' fees after taking into account the duties performed and market trends. Non-executive directors received a fixed level of remuneration for their services based on their participation in board meetings and other committees. The non-executive directors do not receive incentive bonus payments nor do they participate in any of the executive share plans. The chief executive officer recommends the non-executive director fee structures after obtaining input from external consultants regarding market movements and current pay practices. Consideration is given to any changes in the level of complexity of the roles when assessing the fee recommendations. These recommendations are then considered by the remcom and the board before being submitted to shareholders for approval. An increase to the non-executive directors' and committee fees will be proposed for 2010 and the proposals are set out on page 88 and in the notice of the annual general meeting. The proposal also includes a recommendation to change from the current methodology of a fee per annum to a new basis which provides for a split in fees into a base fee and a fee for attendance at meetings. The fees earned by the non-executive directors for the financial period under review are outlined in table 9(a) on page 86.

Executive directors

The remuneration philosophy is designed to support the group's strategy of a performance culture through attraction and retention of the appropriate calibre of directors and senior executives. The remuneration structures are designed to create a climate that motivates and supports high levels of performance from an individual contribution and team perspective. The attraction and retention of talent requires remuneration structures that are relevant, transparent and competitive when benchmarked against appropriate market survey data and practices in each jurisdiction. The annual

Remuneration report continued

cash incentive bonus combined with the longer-term share plans are structures to encourage suitable superior growth in earnings through the achievement of challenging performance criteria and are designed to align longer-term director remuneration directly to growth in shareholder wealth. The remuneration committee considers that there is an appropriate balance between guaranteed pay and on-risk (variable) pay.

Executive directors' remuneration

The table below summarises the different elements of the executive directors' remuneration packages. Further details are provided on pages 75 to 86.

Remuneration component	Basis for determination	Delivery
Guaranteed package	<ul style="list-style-type: none"> • Based on market median considering the size and complexity of the role. • Certain directors, residing in South Africa, are responsible for operational roles offshore and receive remuneration for these activities. • Includes value for use of private vehicle for company business travel, as well as retirement, assured benefit and medical aid contributions. 	<ul style="list-style-type: none"> • Paid monthly in cash after allocations to retirement funding, assured benefits and medical aid contributions. • Annual review at yearend.
Retirement funding, assured benefit cover and healthcare	<ul style="list-style-type: none"> • In line with general market trends in the jurisdiction of operation. • Retirement funding for directors provided on a defined contribution basis. • Current directors do not receive medical aid cover funded by the company on retirement. 	<ul style="list-style-type: none"> • Annual review at yearend.
Incentive bonus	<ul style="list-style-type: none"> • Rewards directors and senior management for the achievement of financial targets. • Maximum potential incentive capped at 120% of guaranteed package for chief executive officer, 100% of guaranteed package for the chief financial officer and 90% of guaranteed package for the group human resources director. • Individual performance targets are set at a maximum of 40% of guaranteed package for the chief executive officer and 30% of the maximum potential incentive for other directors. • The balance is established on achievement of financial targets. 	<ul style="list-style-type: none"> • Paid annually in cash. • Annual review at yearend.
Share appreciation plan	<ul style="list-style-type: none"> • Rights conditional upon the group achieving specific performance criteria. • Alignment with shareholders' objectives of growth in share price. Motivates and retains talent at executive and senior management levels. • Three- to five-year vesting, 10 year lapse. • Proposals will be made to change vesting to three years and seven year lapse in line with current market practice. 	<ul style="list-style-type: none"> • Delivered in shares. • Subject to achievement of headline earnings per share adjusted for fair value gains or losses target. • Targets established for each allocation taking into account market trends. Annual allocations.

Remuneration component	Basis for determination	Delivery
Share option scheme	<ul style="list-style-type: none"> • Last allocations under the scheme made in 2004. • Motivates and retains talent at executive and senior management levels. • Three- to five-year vesting, 10 year lapse. 	<ul style="list-style-type: none"> • Delivered in shares. • No performance conditions.
Performance share plan	<ul style="list-style-type: none"> • Release of shares conditional upon the group achieving specific stretch performance targets. • Alignment of shareholders' interests in terms of financial growth. • Three- to five-year vesting, 10 year lapse. 	<ul style="list-style-type: none"> • Delivered in shares. • 2008 allocation subject to achievement of headline earnings per share adjusted for fair value gains or losses target and total shareholder return ranking position. • Targets established for each allocation taking into account market trends. • Annual allocations.
Deferred bonus plan (new plan to be proposed at the annual general meeting)	<ul style="list-style-type: none"> • Encourage senior executives to use a portion of their after tax incentive bonus to acquire shares in the company. • Matching shares awarded after three years. • Encourage share ownership and provide retention. 	<ul style="list-style-type: none"> • Delivered in shares. • Annual allocations.

Executive directors' remuneration in more detail

Guaranteed package

Director job levels are established with assistance from external consultants after considering size and complexity of the role. These are then benchmarked against the market on an annual basis at the end of each financial year using comprehensive survey data in related industries for each jurisdiction. This information, together with an overview of published remuneration, provides remcom with a sound base on which to make informed decisions.

The remcom has the authority to approve guaranteed packages that will attract and retain the correct calibre of talent. Guaranteed package levels are recommended by the chief executive officer after taking into account individual experience, current performance and contribution, and future career progression. The targeted level of guaranteed package is the average

market median of two salary survey service providers. The remcom has discretion to approve guaranteed packages below or above the median where specific circumstances merit a differential. The guaranteed packages earned by directors are reflected in table 1(a) on page 77 of this report.

Retirement funding, assured benefit cover and healthcare form part of the overall guaranteed package in line with general market trends. The company liability in respect of retirement funding and assured benefits has been capped for directors where the company meets the contributions as a fixed percentage of guaranteed package. All directors are participants in the defined contribution section of the Nampak Group Pension Fund. The total value of the contributions towards retirement funding is shown separately in table 1(a) on page 77 of this report.

Certain directors who reside in South Africa are also responsible for operational direction and management offshore and are contracted to and paid remuneration



Remuneration report continued

by those structures. These amounts are reflected separately in table 1(a) and are reviewed annually or when director responsibilities change.

Annual cash incentive bonus scheme

The annual cash incentive bonus scheme is reviewed in detail by the remcom, the members of which bring experience from their participation on other remuneration committees and board positions. This experience, coupled with extensive local knowledge and international market data and trend analysis provides sufficient information to set the financial targets at the commencement of each financial year once the business strategy has been agreed. The remcom has discretion to withdraw or change the incentive bonus scheme annually and to withhold any payments if specific circumstances warrant.

The primary focus for the incentive bonus scheme for the financial year under review remained to reward directors and senior managers for the achievement of challenging financial growth. The maximum potential incentive bonus for the year ending 30 September 2009 was capped at 120% of guaranteed package for the chief executive officer, 100% for the chief financial officer and 80% for the group human resources director. The maximum potential incentive for the group human resources director will increase to 90% for the new financial year as a result of his appointment as an executive director.

The annual cash incentive provides for rewards to be paid for achievement against financial performance targets as well as individual delivery against identified strategic objectives. During the year under review, the remcom, taking into account changes in leadership, retained discretion to award incentive bonus payments for the financial performance dependent on the group's overall financial performance. The other component of

the incentive bonus scheme continued to be linked to the achievement of individual performance targets. The maximum weighting allocated towards individual performance targets within the overall maximum potential incentive is 33.4% for the chief executive officer and 30% for other executive directors. Individual performance targets are reviewed by the remcom and cover progress on strategic initiatives which are considered by the board to be crucial for future growth and profitability within the group. Payments under this component are made irrespective of performance against the financial component with the remcom holding overriding discretion.

To continue aligning the group's employment equity strategy with directors' remuneration, the directors' incentives earned are discounted up to 20% for non-achievement of employment equity targets.

For the financial year under review, the directors did not achieve the financial performance target but did achieve individual performance criteria. The employment equity targets were achieved and therefore a discount factor was not applied on incentives earned. The annual incentive bonus payments that accrued for the financial period are set out in table 1(a) on page 77 and include amounts earned under the individual performance component.

The financial component of the incentive bonus target for executive directors for 2010 is a growth in headline earnings per share in excess of the consumer price index adjusted for fair value financial gains or losses with a threshold performance requirement in return on net assets. One percent of the incentive bonus will be paid at entry level and 100% for top end performance. The financial component for the senior executives and divisions will be based on growth in trading income with a threshold performance requirement in return on net assets.

Table 1(a): Executive directors' remuneration 2009

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits (rand) Note 2	Incentive bonus (rand)	Total remuneration (rand)	Share gains (rand)
GE Bortolan ³	1 535 145	537 504	133 305	2 205 954	9 945 356	2 170 341	14 321 651	—
G Griffiths ⁴	179 222	23 142	15 778	218 142	155 516	120 000	493 658	—
TN Jacobs ⁵	2 155 979	277 703	184 830	2 618 512	258 065	468 000	3 344 577	514 878
AB Marshall ⁶	1 889 267	724 645	164 066	2 777 978	2 500 000	1 400 000	6 677 978	—
FV Tshiqi ⁷	319 936	—	21 731	341 667	1 675 000	820 000	2 836 667	—
	6 079 549	1 562 994	519 710	8 162 253	14 533 937	4 978 341	27 674 531	514 878

Note 1: For the purpose of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1:R13.9367.

Note 2: Refer to table 2(a) for details.

Note 3: Retired from the Nampak Limited board with effect from 31 March 2009.

Note 4: Appointed to the Nampak Limited board with effect from 1 September 2009.

Note 5: Resigned from the Nampak Limited board with effect from 31 August 2009 and resigned from the group with effect from 30 September 2009.

Note 6: Appointed to the Nampak Limited board with effect from 1 March 2009.

Note 7: Appointed to the Nampak Limited board with effect from 29 July 2009.

Table 1(b): Executive directors' remuneration 2008

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits (rand) Note 2	Incentive bonus (rand) Note 3	Total remuneration (rand)	Share gains (rand)
GE Bortolan	3 070 063	1 134 478	266 837	4 471 378	—	1 000 000	5 471 378	6 133 075
N Cumming ⁴	1 733 911	—	148 956	1 882 867	7 981 527	—	9 864 394	598 591
TN Jacobs	2 046 514	281 800	164 361	2 492 675	—	650 000	3 142 675	—
	6 850 488	1 416 278	580 154	8 846 920	7 981 527	1 650 000	18 478 447	6 731 666

Note 1: For the purpose of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1:R14.7077.

Note 2: Refer to table 2(b) for details.

Note 3: Payment for resolution of certain strategic challenges.

Note 4: Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008.

Further details of the value of other benefits are set out in table 2.

Remuneration report continued

Table 2(a): Value of executive directors' other benefits 2009

Name	Leave pay (rand)	Retirement gratuity, gift and long service award (rand)	Notice pay (rand)	Sign-on bonus (rand)	Retention payment (rand)	Relocation allowance (rand)	Restraint of trade (rand)	Total value of benefits per table 1(a) above (rand)
GE Bortolan ¹	615 009	513 334	8 817 013	—	—	—	—	9 945 356
G Griffiths ²	—	—	—	—	—	155 516	—	155 516
TN Jacobs ³	256 731	1 334	—	—	—	—	—	258 065
AB Marshall ⁴	—	—	—	1 500 000	—	1 000 000	—	2 500 000
FV Tshiqi ⁵	—	—	—	—	1 675 000	—	—	1 675 000
	871 740	514 668	8 817 013	1 500 000	1 675 000	1 155 516	—	14 533 937

Note 1: Retired from the Nampak Limited board with effect from 31 March 2009. All pay for other benefits is contractual.

Note 2: Appointed to the Nampak Limited board with effect from 1 September 2009.

Note 3: Resigned from the Nampak Limited board with effect from 31 August 2009 and resigned from the group with effect from 30 September 2009.

Note 4: Appointed to the Nampak Limited board with effect from 1 March 2009.

Note 5: Appointed to the Nampak Limited board with effect from 29 July 2009. Retention payment for three year lock-in period which gross amount needs to be repaid to the company in the event the executive resigns from the group before 31 July 2012.

Table 2(b): Value of executive directors' other benefits 2008

Name	Leave pay (rand)	Retirement gratuity (rand)	Notice pay (rand)	Sign-on bonus (rand)	Retention payment (rand)	Relocation allowance (rand)	Restraint of trade (rand)	Total value of benefits per table 1(b) above (rand)
GE Bortolan	—	—	—	—	—	—	—	—
N Cumming ¹	181 527	500 000	3 858 137	—	—	—	3 441 863	7 981 527
TN Jacobs	—	—	—	—	—	—	—	—
	181 527	500 000	3 858 137	—	—	—	3 441 863	7 981 527

Note 1: Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008. The restraint payment is for a restraint period of 12 months.

Share Plans

The Nampak 1985 Share Option Scheme

The Share Option Scheme is no longer appropriate due to changes in best practice and therefore has not been used to grant awards since 2 December 2004. The scheme will however remain in place until such time as prior granted options are exercised or lapse. The share options granted in previous years have not had any performance conditions attached to them.

The actual share options issued until December 2004 and the gains on the options exercised for the financial period under review for the directors are included in table 3(a). No further allocations will be made under the share option scheme.

Table 3(a): Directors' share options 2009

Name	Date of grant	Issue price (cents)	Number of options held at 30 September 2008	Options exercised during the year ended 30 September 2009 (or prior to date to termination)	Exercise price (cents)	Gain on options exercised during the year (rand)	Number of options held at 30 September 2009 or at date of termination	Lapse date
GE Bortolan ¹	01.12.2000	1 050	215 000	—	—	—	215 000	01.12.2010
	25.07.2002	1 326	200 000	—	—	—	200 000	25.07.2012
	27.11.2003	1 234	300 000	—	—	—	300 000	27.11.2013
	01.12.2004	1 495	190 000	—	—	—	190 000	01.12.2014
G Griffiths ²	—	—	—	—	—	—	—	—
TN Jacobs ³	14.12.2001	1 060	20 000	20 000	1 471	82 264	—	—
	25.07.2002	1 326	20 000	20 000	1 471	29 064	—	—
	27.11.2003	1 234	50 000	50 000	1 471	118 660	—	—
	01.12.2004	1 495	100 000	—	—	—	—	—
AB Marshall ⁴	—	—	—	—	—	—	—	—
FV Tshiqi ⁵	25.07.2002	1 326	40 000	—	—	—	40 000	25.07.2012
	27.11.2003	1 234	25 000	—	—	—	25 000	27.11.2013
	01.12.2004	1 495	40 000	—	—	—	40 000	01.12.2014
T Evans ⁶	01.12.2000	1 050	250 000	—	—	—	250 000	01.12.2010
	14.12.2001	1 060	66 800	—	—	—	66 800	14.12.2011
	23.01.2002	1 060	433 200	—	—	—	433 200	23.01.2012
	25.07.2002	1 326	241 800	—	—	—	241 800	25.07.2012
	31.01.2003	1 280	108 200	—	—	—	108 200	31.01.2013

Note 1: Retired from the Nampak Limited board with effect from 31 March 2009.

Note 2: Appointed to the Nampak Limited board with effect from 1 September 2009.

Note 3: Resigned from the Nampak Limited board with effect from 31 August 2009 and resigned from the group with effect from 30 September 2009.

Note 4: Appointed to the Nampak Limited board with effect from 1 March 2009.

Note 5: Appointed to the Nampak Limited board with effect from 29 July 2009.

Note 6: Share options allocated to Mr T Evans whilst he held an executive position.

Remuneration report continued

Table 3(b): Directors' share options 2008

Name	Date of grant	Issue price (cents)	Number of options held at 30 September 2007	Options exercised during the year ended 30 September 2008	Exercise price (cents)	Gain on options exercised during the year (rand)	Number of options held at 30 September 2008	Lapse date
GE Bortolan	01.12.2000	1 050	215 000	—	—	—	215 000	01.12.2010
	14.12.2001	1 060	400 000	400 000	2 396	5 344 000	—	—
	25.07.2002	1 326	200 000	—	—	—	200 000	25.07.2012
	27.11.2003	1 234	300 000	—	—	—	300 000	27.11.2013
	01.12.2004	1 495	190 000	—	—	—	190 000	01.12.2014
N Cumming ¹	01.12.2000	1 050	100 000	—	—	—	100 000	01.12.2010
	14.12.2001	1 060	250 000	—	—	—	250 000	14.12.2011
	25.07.2002	1 326	80 000	—	—	—	80 000	25.07.2012
	27.11.2003	1 234	180 000	—	—	—	180 000	27.11.2013
	01.12.2004	1 495	100 000	—	—	—	100 000	01.12.2014
TN Jacobs	14.12.2001	1 060	20 000	—	—	—	20 000	14.12.2011
	25.07.2002	1 326	20 000	—	—	—	20 000	25.07.2012
	27.11.2003	1 234	50 000	—	—	—	50 000	27.11.2013
	01.12.2004	1 495	100 000	—	—	—	100 000	01.12.2014
T Evans ²	01.02.2000	1 050	250 000	—	—	—	250 000	01.12.2010
	14.12.2001	1 060	66 800	—	—	—	66 800	14.12.2011
	23.01.2002	1 060	433 200	—	—	—	433 200	23.01.2012
	25.07.2002	1 326	241 800	—	—	—	241 800	25.07.2012
	31.01.2003	1 280	108 200	—	—	—	108 200	31.01.2013

Note 1: Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008.

Note 2: Share options allocated to Mr T Evans whilst he held an executive position.

Participants in the Share Option Scheme could elect to receive trust loans in terms of the Nampak 1979 Share Purchase Trust to finance the exercise of share options. All share trust loans have been settled and there are no outstanding loans in the share purchase trust. Table 4(a) sets out the shares held by the directors, which were purchased using the loan facility.

Table 4(a): Summary of directors' share dealings in shares acquired through the Share Purchase Scheme 2009

Name	Balance at 1 October 2008	Purchases	Sales	Balance of shares purchased using loan facility at 30 September 2009 (or at date of termination)	Total selling price of shares during the year (rand)	Total costs of shares sold during the year (rand)	Gain for the year (rand)
GE Bortolan ¹	59 400	—	—	59 400	—	—	—
T Evans ²	175 500	—	—	175 500	—	—	—

Note 1: Retired from the Nampak Limited board with effect from 31 March 2009.

Note 2: Shares purchased by Mr T Evans whilst he held an executive position.

Table 4(b): Summary of directors' share dealings in shares acquired through the Share Purchase Scheme 2008

Name	Balance at 1 October 2007	Purchases	Sales	Balance of shares purchased using loan facility at 30 September 2008	Total selling price of shares during the year (rand)	Total costs of shares sold during the year (rand)	Gain for the year (rand)
GE Bortolan ¹	59 400	—	—	59 400	—	—	—
T Evans ²	175 500	—	—	175 500	—	—	—

Note 1: Retired from the Nampak Limited board with effect from 31 March 2009.

Note 2: Shares purchased by Mr T Evans whilst he held an executive position.

Performance Share Plan

The Performance Share Plan provides for the granting of performance share awards to executive directors and nominated senior executives on an annual basis.

Release of shares is conditional upon the group achieving specific stretch targets which are set by the board's non-executive directors at commencement of the three-year performance period. In order to align participant reward with shareholders' returns and to support retention strategies, one third of the released shares vests immediately on the release date, the second third a year after the release date and the final one third two years after the release date or five years from the original award date.

The first allocation of performance shares was in 2006 and the performance target for these awards was based on the group's total shareholder return ("TSR") ranked against the TSR achievement of the constituent companies of the JSE 40 excluding resource companies. The resource companies were excluded in order to improve the relevance of the comparator group. The company achieved a ranking of 13th out of 31 companies and as a result 50.45% of the allocated shares vested at the end of the three year performance period.

The 2007 and 2008 awards included a second performance condition for half the award based on growth in headline earnings per share adjusted for fair value gains or losses. The target for 2007 was headline earnings per share adjusted for fair value gains or losses on a linear basis between 15% and 45% per annum in excess of the consumer price index over the three-year

period. The target for 2008 was headline earnings per share adjusted for fair value gains or losses on a linear basis between 9% and 24% in excess of the consumer price index over the three-year period. The group's average TSR ranked against the TSR achievement of the constituent companies of the JSE 40, excluding resources, on the start date of the performance period 1 October 2007 for the 2007 allocations and 1 October 2008 for the 2008 allocations (which currently comprises 29 comparator companies), governs the vesting of the second half of the award. Vesting takes place in accordance with a vesting curve which provides for 100% of the allocations to vest for a ranking position of 1, 50% for a ranking position of 13 and no vesting for a ranking of 25. The company is currently ranked 16 in respect of the 2007 allocations and 10 in respect of the 2008 allocations.

The maximum value of performance awards is set by the board's non-executive directors each year after taking into account individual performance and contribution, future succession and retention aspects. External consultants provide sufficient information to ensure that the annual awards are market related and that the performance conditions can be regarded as sufficiently challenging. The annualised expected value for each director is in line with market benchmarks.

The performance target for the December 2009 allocations will be based on growth in headline earnings per share adjusted for fair value gains or losses in excess of the consumer price index over a three year period. The board will review the final targets at the allocation date.

Remuneration report continued

Table 5(a): Directors' Performance Share Plan awards 2009

Name	Date of allocation	Number of conditional shares awarded	Movements during the year (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares vested during the year	Average daily price on date of vesting (cents)	Number of shares released during the year (1/3rd of vested shares)	Number of released shares sold during the year	Exercise price (cents)	Gains on shares sold (rand)	Balance of released shares
GE Bortolan ¹	25.05.2006	315 000	(156 082)	—	—	—	—	—	—	—
	10.12.2007	291 540	(170 065)	—	—	—	—	—	—	—
G Griffiths ²	—	—	—	—	—	—	—	—	—	—
TN Jacobs ³	25.05.2006	110 000	(91 502)	18 498	1 500	18 498	18 498	1 540	284 890	—
	10.12.2007	143 983	(143 983)	—	—	—	—	—	—	—
	10.12.2008	194 833	(194 833)	—	—	—	—	—	—	—
AB Marshall ⁴	02.03.2009	338 826	—	—	—	—	—	—	—	—
FV Tshiqi ⁵	25.05.2006	40 000	(19 820)	20 180	1 500	6 726	—	—	—	6 726
	10.12.2007	32 842	—	—	—	—	—	—	—	—
	10.12.2008	73 607	—	—	—	—	—	—	—	—

Note 1: Retired from the Nampak Limited board with effect from 31 March 2009. Portion of allocations forfeited due to early retirement. 158 918 shares vested and 52 973 shares were released post-retirement.

Note 2: Appointed to the Nampak Limited board with effect from 1 September 2009.

Note 3: Resigned from the Nampak Limited board with effect from 31 August 2009 and from the group with effect from 30 September 2009. Unvested share allocations forfeited due to resignation.

Note 4: Appointed to the Nampak Limited board with effect from 1 March 2009.

Note 5: Appointed to the Nampak Limited board with effect from 29 July 2009. Final release of shares is subject to approval by shareholders at the annual general meeting.

Table 5(b): Directors' Performance Share Plan awards 2008

Name	Date of allocation	Number of conditional shares awarded	Movements during the year	Number of shares vested during the year	Average daily price on date of vesting (cents)	Number of shares released during the year (1/3rd of vested shares)	Number of released shares sold during the year	Exercise price (cents)	Gains on shares sold (rand)	Balance of released shares
GE Bortolan	25.05.2006	315 000	—	—	—	—	—	—	—	—
	10.12.2007	291 540	—	—	—	—	—	—	—	—
N Cumming ¹	25.05.2006	145 000	(48 333)	—	—	—	—	—	—	—
	10.12.2007	143 983	(123 985)	—	—	—	—	—	—	—
TN Jacobs	25.05.2006	110 000	—	—	—	—	—	—	—	—
	10.12.2007	143 983	—	—	—	—	—	—	—	—

Note 1: Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008. Portion of allocations forfeited due to early retirement.

Share Appreciation Plan

The Share Appreciation Plan provides the board's non-executive directors with an instrument to retain executive directors and nominated senior executives as well as providing the chief executive officer with a means to attract and retain talent at senior management levels within the group.

Under the Share Appreciation Plan, a number of share appreciation rights are periodically offered to executive directors, senior executives and senior managers. These rights are conditional upon the group achieving specific performance criteria relating to real headline earnings per share growth adjusted for fair value gains or losses as set by the board's non-executive directors. At the end of the three-year performance period, the number of shares that are released and vest to each participant is determined against achievement of the performance targets. The current plan provides that one third of the shares can be accessed immediately on vesting, the second third a year later and the final third two years later or five years after the original award date. All vested awards must be exercised within 10 years of the original conditional award date. A change to the vesting structure will be proposed for 2010 and the

salient features are included in the notice of annual general meeting. The proposals provide for the terms to reflect current market practice and include one vesting date three years after the award date if performance conditions are met and a reduced period in which vested rights can be exercised of seven years rather than 10 years.

The performance target for the 2007 and 2008 rights is growth of headline earnings per share adjusted for fair value gains or losses in excess of the consumer price index plus 6% over the three-year performance period. All rights will vest on achievement of the performance target and no rights will vest if the target is not met.

Fifty percent of the rights allocated in May 2006 vested during the financial year. The share price on vesting was R15.41 against an issue price of R17.07.

The performance target for the December 2009 allocations will be based on growth in headline earnings per share adjusted for fair value gains or losses in excess of the consumer price index over a three year period. The remcom will review the final targets at the allocation date.

Table 6(a): Share Appreciation Plan awards 2009

Name	Date of allocation	Number of rights awarded	Movements during the year	Number of shares that vested during the year	Number of shares sold during the year	Exercise price (cents)	Gains on shares sold during the year (rand)	Balance of vested shares	Lapse date
GE Bortolan ¹	10.12.2007	146 955	(85 724)	—	—	—	—	—	10.12.2017
G Griffiths ²	—	—	—	—	—	—	—	—	—
TN Jacobs ³	10.12.2007	90 722	(90 722)	—	—	—	—	—	—
	10.12.2008	97 625	(97 625)	—	—	—	—	—	—
AB Marshall ⁴	02.03.2009	152 798	—	—	—	—	—	—	02.03.2019
FV Tshiqi ⁵	10.12.2007	27 591	—	—	—	—	—	—	10.12.2017
	10.12.2008	30 735	—	—	—	—	—	—	10.12.2018

Note 1: Retired from the Nampak Limited board with effect from 31 March 2009. Portion of share allocations forfeited due to early retirement.

Note 2: Appointed to the Nampak Limited board with effect from 1 September 2009.

Note 3: Resigned from the Nampak Limited board with effect from 31 August 2009 and resigned from the group with effect from 30 September 2009. Unvested share allocations forfeited due to resignation.

Note 4: Appointed to the Nampak Limited board with effect from 1 March 2009.

Note 5: Appointed to the Nampak Limited board with effect from 29 July 2009.

Remuneration report continued

Table 6(b): Share Appreciation Plan awards 2008

Name	Date of allocation	Number of rights awarded	Movements during the year	Number of shares that vested during the year	Number of shares sold during the year	Exercise price (cents)	Gains on shares sold during the year (rand)	Balance of vested shares	Lapse date
GE Bortolan	10.12.2007	146 955	—	—	—	—	—	—	10.12.2017
N Cumming ¹	10.12.2007	90 722	(78 122)	—	—	—	—	—	10.12.2007
TN Jacobs	10.12.2007	90 722	—	—	—	—	—	—	10.12.2017

Note 1: Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008. Portion of allocations forfeited due to early retirement.

The closing market price at the date of the award granted on 10 December 2007 was R23.19. The strike price of R22.13 was determined with reference to the volume-weighted average price over the preceding 15 days.

The closing market price at the date of the award granted on 10 December 2008 was R13.90. The strike price of R12.62 was determined with reference to the volume-weighted average price over the preceding 15 days.

Dilution and IFRS expense

The level of dilution of the share plans is within parameters set by the remcom and approved by shareholders.

The IFRS 2 expense recognised during the year in respect of past grants is set out in table 7(a).

Table 7(a): Recognised IFRS 2 expense during 2009

Name	Balance of shares on which expense is based	Expenses recognised during the year (rand)
GE Bortolan		
Options	490 000	6 066
Performance Share Plan	227 420	400 410
Share Appreciation Plan	61 231	0
TN Jacobs		
Options	150 000	1 011
Performance Share Plan	—	30 325
Share Appreciation Plan	—	—
AB Marshall		
Options	—	—
Performance Share Plan	338 826	549 158
Share Appreciation Plan	152 798	0
FV Tshiqi		
Options	65 000	506
Performance Share Plan	126 629	190 201
Share Appreciation Plan	58 326	—
T Evans ¹		
Options	108 200	6 066

Note 1: Share options allocated to Mr T Evans whilst he held an executive position.

Table 7(b): Recognised IFRS 2 expense during 2008

Name	Balance of shares on which expense is based	Expenses recognised during the year (rand)
GE Bortolan		
Options	905 000	265 452
Performance Share Plan	606 540	845 286
Share Appreciation Plan	146 955	—
N Cumming		
Options	710 000	146 622
Performance Share Plan	112 637	188 863
Share Appreciation Plan	12 600	—
TN Jacobs		
Options	190 000	105 983
Performance Share Plan	253 983	333 497
Share Appreciation Plan	90 722	—
T Evans ¹		
Options	1 100 000	13 321

Note 1: Share options allocated to Mr T Evans whilst he held an executive position.

Black Management Trust

In response to the Broad-Based Black Economic Empowerment Act no. 53 of 2003 and to demonstrate Nampak's commitment to transformation, The Nampak Black Management Trust was established on 30 September 2005. Nampak provided a founding grant to the trust that provided for shares to be allocated to black managers over a period of five years. One-third of the shares vested three years after the operative date, a further one-third vested after four years and the final third will vest on 30 September 2010 provided the service is not terminated for disciplinary reasons. The shares will be held in the trust until 31 December 2015, at which time the founding grant will be settled and the balance of the benefit will be released to the beneficiaries.

The table below sets out the allocations to the black executive director.

Table 8: Allocations under the Black Management Trust to executive director

Name	Date of allocation	Number of awards granted	Grant price in (cents)
FV Tshiqi	15.12.2005	350 000	1 513
FV Tshiqi	31.03.2007	350 000	1 513

Remuneration report continued

Service contracts

The chief executive officer and chief financial officer have indefinite service contracts with a six-month notice period to 30 September 2010. The notice periods automatically reduce to three months at the end of September each year and the remcom reviews and agrees the notice periods for the following year. The group human resources director has an indefinite service contract with a three month notice period.

In the event of redundancy, executive directors are entitled to pay in addition to notice pay in terms of the Nampak redundancy policy. Redundancy pay for the executive directors is four weeks of pay for every completed year of service calculated using 75% of guaranteed package. The maximum entitlement is capped at 60 weeks. On retirement, executive directors receive a retirement gratuity to a maximum of R500 000.

Non-executive directors' remuneration in detail

The fees earned by the non-executive directors for the financial period under review are outlined in table 9(a).

Table 9(a): Non-executive directors' remuneration 2009

Name	Notes	Directors' fees (rand)	Audit committee fees (rand)	Remuneration and nominations committee fees (rand)	Risk management committee fees (rand)	Transformation and sustainability committee fees (rand)	Total (rand)
RC Andersen	1	112 103	56 051	9 043	—	—	177 197
T Evans	2	975 000	—	98 000	—	—	1 073 000
DA Hawton	3	107 745	—	43 098	—	—	150 843
MM Katz	4	107 745	53 872	43 098	—	—	204 715
RJ Khoza	5	130 000	—	—	—	—	130 000
PM Madi	6	112 103	—	—	9 043	—	121 146
KM Mokoape		130 000	—	—	—	52 000	182 000
CWN Molope	7	130 000	65 000	—	98 000	—	293 000
ML Ndlovu		130 000	—	52 000	—	98 000	280 000
RV Smither		130 000	130 000	—	52 000	—	312 000
PM Surgey	8	22 609	—	9 043	—	9 043	40 695
MH Visser	9	130 000	—	—	—	—	130 000
RA Williams	10	18 521	9 260	—	—	—	27 781
		2 235 826	314 183	254 282	159 043	159 043	3 122 377

Note 1: Appointed to the Nampak Limited board with effect from 21 November 2008.

Note 2: Share options allocated to Mr T Evans whilst he held an executive position.

Note 3: Resigned from the Nampak Limited board with effect from 29 July 2009.

Note 4: Resigned from the Nampak Limited board with effect from 29 July 2009. Fees paid to Edward Nathan Sonnenbergs incorporated.

Note 5: Fees paid to Mr Khoza personally.

Note 6: Appointed to the Nampak Limited board with effect from 21 November 2009.

Note 7: Fees paid to the Financial Services Board until 31 December 2008, thereafter to Ms Molope personally.

Note 8: Appointed to the Nampak Limited board with effect from 29 July 2009.

Note 9: Fees paid to M & I Group Services Limited.

Note 10: Resigned from the Nampak Limited board with effect from 21 November 2008.

Table 9(b): Non-executive directors' remuneration 2008

Name	Notes	Directors' fees (rand)	Audit committee fees (rand)	Remuneration and nominations committee fees (rand)	Transformation and sustainability committee fees (rand)	Total (rand)
T Evans	1	900 000	—	90 000	—	990 000
DA Hawton		120 000	—	48 000	—	168 000
MM Katz	2	120 000	60 000	48 000	—	228 000
RJ Khoza	3	120 000	—	—	—	120 000
KM Mokoape		120 000	—	—	48 000	168 000
ML Ndlovu		120 000	—	48 000	90 000	258 000
CWN Molope	4	120 000	60 000	—	—	180 000
RV Smither		120 000	120 000	—	—	240 000
MH Visser	5	120 000	—	—	—	120 000
RA Williams		120 000	60 000	—	—	180 000
		1 980 000	300 000	234 000	138 000	2 652 000

Note 1: Mr Evans continues to participate in the Share Options Scheme for allocations that were issued prior to his retirement as an executive.

Note 2: Fees paid to Edward Nathan Sonnenbergs incorporated.

Note 3: Fees paid to AKA Capital (Pty) Limited.

Note 4: Fees paid to the Financial Services Board.

Note 5: Fees paid to M & I Group Services Limited.

The proposed increases in the level of fees payable to the non-executive directors for 2010 are set out in table 10. The board recommends that the fee structure be amended to include a base fee plus a fee per meeting attended.

With effect from 1 January 2010, separate remuneration and nominations committees will be established.

The proposed fee structure takes into account that the committees have the same members and the meetings will be held consecutively unless specific requirements dictate otherwise.

Remuneration report continued

Table 10: Proposed directors' fees and committee fees for 2010

	Proposed fees 2010 (rand)			Approved 2009	
	Base fee (rand)	Fee per meeting for attendance (rand)	Number of formal meetings scheduled per annum	Total proposed fee 2010 (rand)	Fixed fee per annum
Service as directors:					
Chairman of the board	930 000	20 000	6	1 050 000	975 000
Directors	80 500	10 000	6	140 500	130 000
Audit committee					
Chairman	80 500	20 000	3	140 500	130 000
Members	40 500	10 000	3	70 500	65 000
Nominations committee					
Chairman	Included in fees for Chairman of the board				
Members	7 500	2 500	3	15 000	n/a
Risk committee					
Chairman	61 000	15 000	3	106 000	98 000
Members	41 000	5 000	3	56 000	52 000
Remuneration committee					
Chairman	61 000	15 000	3	106 000	98 000
Members	41 000	5 000	3	56 000	52 000
Transformation and sustainability committee					
Chairman	61 000	15 000	3	106 000	98 000
Members	41 000	5 000	3	56 000	52 000

The fees for attendance at meetings will be adjusted to reflect the actual number of meetings held during the financial year.

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Certificate by company secretary

for the year ended 30 September 2009

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 61 of 1973 and that all such returns are true, correct and up to date.



NP O'Brien

Company secretary

Sandton

23 November 2009

Approval by the directors

TO THE MEMBERS OF NAMPAK LIMITED

In accordance with Companies Act requirements, the directors of the company are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and incorporate full and responsible disclosure in line with the accounting philosophy of the group.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

The directors are responsible for the internal controls. Management enables the directors to meet these responsibilities. Adequate accounting records and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

The directors have reviewed the group's budget and cash flow forecasts. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The annual financial statements were approved by the board of directors and were signed on their behalf by:



T Evans

Chairman

Sandton

23 November 2009



AB Marshall

Chief executive officer

Independent auditors' report

TO THE MEMBERS OF NAMPAK LIMITED

We have audited the group annual financial statements and annual financial statements of Nampak Limited, which comprise the consolidated and separate balance sheets as at 30 September 2009, and the consolidated and separate income statements, the consolidated statement of recognised income and expense, separate statement of changes in equity and the consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 77 to 87 and pages 92 to 189.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend

on the auditor's judgement including the assessment of the risks or material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the group annual financial statements and annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Nampak Limited as at 30 September 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Deloitte & Touche

Registered Auditors

Per AF Mackie

Partner

23 November 2009

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Tax & Legal and Risk Advisory L Geeringh Consulting L Bam Corporate Finance
CR Beukman Finance TJ Brown Clients & Markets NT Mtoba Chairman of the Board
CR Qually Deputy Chairman of the Board

A full list of partners and directors is available on request.

Directors' report

for the year ended 30 September 2009

NATURE OF BUSINESS

Nampak Limited is Africa's largest and most diversified packaging company with operations in South Africa, other African countries and Europe.

It produces packaging products from metal, paper, plastics and glass and is a major manufacturer and marketer of tissue products.

The group is actively engaged in the collection and recycling of all forms of used packaging.

Nampak is listed on the JSE Limited in the Industrial Goods and Services sector under "Containers and Packaging".

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa. The principal accounting policies have been applied consistently with the previous year.

BORROWING FACILITIES

Group gross borrowings at 30 September 2009 amount to R3 926.9 million (2008: R4 311.4 million). In terms of the company's articles of association, the borrowing powers are unlimited. Details of the borrowings and facilities are set out in notes 1 and 15 to the annual financial statements.

REVIEW OF OPERATIONS AND RESULTS

The performance of the divisions and the group's results are comprehensively reviewed on pages 12 to 21 and 98 to 189.

STRUCTURAL CHANGES

The following subsidiary companies were deregistered during the year:

Abercom Group Limited
Amalgamated Packaging Industries (Pty) Limited
Burcap Plastics (Cape) (Pty) Limited
Burcap Plastics (Gauteng) (Pty) Limited
Burcap Plastics (IML) (Pty) Limited
Holdains Plastics Limited
Kablam No 18 Limited
Kohler Limited
Kohler Paper Merchanting Holdings Limited
Malbak Holdings Limited
Malbak Industrial Holdings Limited
Malbak Investments (Abercom) Limited
Malbak Investments (Kohler) Limited
National Containers Limited
Printpak Limited

SHARE CAPITAL

Details of the authorised and issued share capital are given in note 14 to the annual financial statements.

During the year the issued ordinary share capital was increased as follows:

	Ordinary shares of 5 cents each
Issued at 30 September 2008	658 141 761
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme ("Option Scheme")	952 200
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Limited Performance Share Plan ("PSP")	151 631
Ordinary shares allotted to a director in terms of the PSP	18 498
Issued at 30 September 2009	659 264 090

There were no changes to the issued preferred ordinary shares and the 6.5% and 6% preference shares.

SHARE PLANS

The Nampak 1985 Share Option Scheme ("Option Scheme")

A total of 952 200 ordinary shares of 5 cents each were allotted during the year consequent upon the exercise of share options.

The relevant particulars of the Option Scheme, which was closed to future allocations in 2006, are set out below:

	Ordinary shares	
	2009	2008
Balance at the commencement of the financial year	7 084 600	9 736 600
Options exercised during the year	(952 200)	(2 169 700)
Options forfeited	(463 000)	(482 300)
Balance at the end of the financial year	5 669 400	7 084 600
These options are exercisable over periods between 1 October 2009 and 1 December 2014 at an average price of 1 239 cents:		
Directors*	1 205 000	2 195 000
Other employees and retirees	4 464 400	4 889 600
Total	5 669 400	7 084 600
Number of participants	78	87

*Please refer to page 96 of the Directors' Report for details of directors' share options

The Nampak Limited Performance Share Plan ("PSP") and the Nampak Limited Share Appreciation Plan ("SAP")

Details of the share plans are included in the remuneration report appearing on pages 81 to 84.

The tables show the number of shares under award and the maximum number of shares which may be delivered. However, the exact number of shares which will be delivered to participants will depend on the extent to which performance conditions have been satisfied and, consequently, may be less than the number stated below.

Directors' report continued

for the year ended 30 September 2009

The two plans may be summarised as follows:

The Nampak Limited Performance Share Plan

	PSP rights	
	2009	2008
Balance at the commencement of the financial year	2 352 434	1 295 000
Number of conditional shares awarded during the year:		
Executive directors	607 266	612 348
Senior executives	1 233 617	918 580
Forfeitures/cancellations and retirements	(940 066)	(473 494)
PSP rights forfeited due to under achievement of performance criteria	(558 094)	
PSP rights exercised	(135 150)	
Balance at the end of the financial year	2 560 007	2 352 434
Number of participants	16	18

The Nampak Limited Share Appreciation Plan

	SAP rights	
	2009	2008
Balance at the commencement of the financial year	5 362 088	2 725 500
Number of conditional shares awarded during the year:		
Executive directors	281 158	355 990
Senior employees	2 814 060	3 113 181
Forfeitures/cancellations and retirements	(821 963)	(832 583)
SAP rights forfeited due to under achievement of performance criteria	(1 107 531)	
Balance at the end of the financial year	6 527 812	5 362 088
Number of participants	215	180

Placement of unissued shares under the control of the directors for purposes of the share plans

In terms of resolutions passed by shareholders of the company at the annual general meeting held on 8 February 2006, no more than 7.13% of the total issued ordinary shares as at 24 January 2006 (46.4 million shares) may be set aside from the unissued share capital of the company for purposes of all share plans. The total unissued shares under the control of the directors for purposes of all share plans at 30 September 2009 is summarised below:

Balance at the commencement of the financial year	27 183 812
Less: Awards granted in terms of the PSP during the current financial year	(1 840 883)
Less: Awards granted in terms of the SAP during the current financial year	(3 095 218)
Add: Options forfeited during the current financial year	463 000
Add: Awards forfeited in terms of the PSP during the current financial year	1 498 160
Add: Awards forfeited in terms of the SAP during the current financial year	1 929 494
Maximum available for future allocation	26 138 365

The above calculation illustrates the maximum potential dilution impact of all the share plans and it is unlikely that this dilution limit will be reached. This is because the SAP is much less dilutive than conventional option plans, as only the appreciation in the share price is settled in shares. One award granted will therefore never result in a full share being issued.

It should be noted that, in terms of clause 12.2 of the trust deeds of both the PSP and the SAP, the number of ordinary shares which may be acquired by participants under the plans between the dates of the first awards and the fifth anniversary of the first awards, shall not exceed 2.4548% in aggregate of the company's issued ordinary share capital as at 24 January 2006, or 16 million ordinary shares.

Please refer to note 22 of the annual financial statements for further particulars of these two plans.

DIVIDENDS AND CAPITAL REDUCTIONS

Details of dividends paid and the capital reductions ("cash distributions") out of share premium, dealt with in the financial statements, are shown below:

Class of share	Dividend/ cash distribution number	Cents per share	Declaration date	Last day to trade	Payment date
6% cumulative preference	80	6.00	21/11/2008	23/01/2009	02/02/2009
	81	6.00	25/06/2009	24/07/2009	03/08/2009
6.5% cumulative preference	80	6.50	21/11/2008	23/01/2009	02/02/2009
	81	6.50	25/06/2009	24/07/2009	03/08/2009
Preferred ordinary	7	50.0	21/11/2008	n/a	30/01/2009
	8	50.0	21/05/2009	n/a	31/07/2009
Ordinary share cash distribution	7	18.0	21/05/2009	03/07/2009	13/07/2009
Ordinary share dividend	75	24.0	23/11/2009	08/01/2010	18/01/2010

The important dates pertaining to the payment of ordinary dividend number 75 are as follows:

Last day to trade ordinary shares "cum" dividend	Friday 8 January 2010
Ordinary shares trade "ex" dividend	Monday 11 January 2010
Record date	Friday 15 January 2010
Payment date	Monday 18 January 2010

Ordinary share certificates may not be dematerialised or re-materialised between Monday 11 January 2010 and Friday 15 January 2010, both days inclusive.

DIRECTORS AND SECRETARY

The names of the directors and secretary in office at 30 September 2009 are set out on pages 4 and 5 and on the inside back cover of the annual report.

Messrs RC Andersen and PM Madi were appointed non-executive directors of the company on 21 November 2008. Messrs Andersen and Madi do not have service contracts as non-executive directors.

Mr RA Williams retired on 21 November 2008 as a non-executive director.

Mr GE Bortolan relinquished his responsibilities as chief executive officer on 28 February 2009 and retired as a director of the company on 31 March 2009.

Mr AB Marshall was appointed an executive director and chief executive officer of the company on 1 March 2009. Mr Marshall has an indefinite-period service contract with a notice period of six months.

Messrs DA Hawton and MM Katz resigned as non-executive directors of the company on 29 July 2009.

Mr PM Surgey was appointed a non-executive director of the company on 29 July 2009. Mr Surgey does not have a service contract as a non-executive director.

Mr FV Tshiqi was appointed an executive director of the company on 29 July 2009. Mr Tshiqi has an indefinite-period service contract with a notice period of three months.

Directors' report continued

for the year ended 30 September 2009

Mr TN Jacobs resigned as an executive director and chief financial officer of the company on 31 August 2009 and Mr G Griffiths was appointed an executive director and chief financial officer of the company on 1 September 2009. Mr Griffiths has an indefinite-period service contract with a notice period of six months.

Subsequent to 30 September 2009, Messrs ML Ndlovu and KM Mokoape resigned as non-executive directors of the company on 16 October 2009 and 23 October 2009 respectively.

Ms DC Moephuli was appointed a non-executive director of the company on 23 November 2009. Ms Moephuli does not have a service contract as a non-executive director.

In terms of the articles of association of the company, confirmation of the appointments of Ms Moephuli and Mr Surgey as non-executive directors and confirmation of the appointments of Messrs Griffiths and Tshiqi as executive directors will be sought at the forthcoming annual general meeting.

Messrs RJ Khoza and RV Smither retire by rotation in terms of the company's articles of association but, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Messrs Khoza and Smither do not have service contracts as non-executive directors.

INTERESTS OF DIRECTORS

The total direct and indirect beneficial and non-beneficial interests of the directors of Nampak Limited in the issued ordinary share capital of the company as at 30 September 2009 are shown below:

	Ordinary shares		Options to purchase ordinary shares*			
	2009	2008	2009	Option prices (cents)	Date of grant	2008
Beneficial interests						
Executive						
FV Tshiqi	—	—	40 000	1 326	25/07/02	40 000
			25 000	1 234	27/11/03	25 000
			40 000	1 495	01/12/04	40 000
Non-executive						
T Evans	175 500	175 500	250 000	1 050	01/12/00	250 000
			66 800	1 060	14/12/01	66 800
			433 200	1 060	23/01/02	433 200
			241 800	1 326	25/07/02	241 800
			108 200	1 280	31/01/03	108 200
RV Smither	8 190	8 190	—	—	—	—
Non-beneficial interests	13	12				

* In terms of the Option Scheme

The following non-executive directors had an indirect beneficial shareholding in the preferred ordinary share capital of the company as at 30 September 2009:

Name of director	2009	2008
RJ Khoza	3 780 214	3 780 214
KM Mokoape	649 887	649 887
CWN Molope	318 891	318 891
ML Ndlovu	649 887	649 887

AUDIT COMMITTEE

Details of the audit committee's responsibilities and functions are presented in the corporate governance report.

LITIGATION STATEMENT

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of Nampak are aware) which may have a material effect on the financial position of the group.

GOING CONCERN

The directors believe that the group will be a going concern for the foreseeable future.

SPECIAL RESOLUTIONS

Special resolutions were passed by shareholders of the following subsidiary companies during the year under review:

Special resolutions for the sale of businesses to Nampak Products Limited with effect from 1 October 2009:

Nampak Metal Packaging Limited

Nampak Polyclers (Pty) Limited

Nampak Tissue (Pty) Limited

RETIREMENT FUNDS

Details of retirement funds are reflected in note 17 to the annual financial statements.

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Details of the company's significant subsidiaries, joint ventures and associates are given in Annexure A on pages 186 to 188.

Group balance sheet

at 30 September 2009

	Notes	2009 R million	2008 R million
ASSETS			
Non-current assets			
Property, plant and equipment	3	6 389.5	6 743.0
Investment property	3	3.4	3.6
Goodwill	4	287.9	256.1
Other intangible assets	5	101.5	217.0
Investments in associates	6	19.8	20.3
Other non-current financial assets	8	379.3	278.3
Deferred tax assets	9	200.9	11.6
		7 382.3	7 529.9
Current assets			
Inventories	10	2 643.8	2 640.7
Trade receivables and other current assets	11	2 864.3	3 525.4
Tax assets		11.0	38.9
Bank balances, deposits and cash	12	1 016.1	1 727.9
		6 535.2	7 932.9
Assets classified as held for sale	13	174.9	52.2
Total assets		14 092.4	15 515.0
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	35.6	35.5
Capital reserves	14	(611.6)	(112.3)
Other reserves	14	(383.3)	176.0
Retained earnings	14	6 064.3	5 859.3
Equity attributable to equity holders of the company		5 105.0	5 958.5
Minority interest	14	24.5	33.4
Total equity		5 129.5	5 991.9
Non-current liabilities			
Loans and borrowings	15	2 121.5	1 741.1
Other non-current liabilities	16	36.5	71.1
Retirement benefit obligation	17	1 246.2	1 129.1
Deferred tax liabilities	9	293.1	495.9
		3 697.3	3 437.2
Current liabilities			
Trade payables and other current liabilities	18	3 191.1	3 277.4
Bank overdrafts and loans	15	1 805.4	2 570.3
Provisions	19	115.9	89.1
Tax liabilities		73.1	149.1
		5 185.5	6 085.9
Liabilities directly associated with assets classified as held for sale	13	80.1	—
Total equity and liabilities		14 092.4	15 515.0

Group income statement

for the year ended 30 September 2009

	Notes	2009 R million	2008 R million
Revenue	20	19 585.6	18 457.5
Raw materials and consumables used		10 138.3	9 571.0
Employee benefit expense		3 994.2	3 651.2
Depreciation and amortisation expense		811.3	750.9
Other operating expenses		4 261.1	3 885.1
Other operating income		214.5	350.0
Profit from operations	21	595.2	949.3
Finance costs	23	441.7	400.6
Finance income	24	113.8	135.2
Income from investments	25	5.5	5.1
Share of (loss)/profit of associates	6	(0.5)	8.7
Profit before tax		272.3	697.7
Income tax expense	26	70.2	202.4
Profit for the year		202.1	495.3
Attributable to:			
Equity holders of the company		204.8	516.1
Minority interest		(2.7)	(20.8)
		202.1	495.3
Earnings per share			
Basic (cents per share)	28	34.9	88.2
Diluted (cents per share)	28	37.8	88.8

Group statement of recognised income and expense

for the year ended 30 September 2009

	2009 R million	2008 R million
Exchange differences on translation of foreign operations	(426.9)	262.1
Net actuarial loss from retirement benefit obligations	(135.3)	(186.1)
(Loss)/gain on cash flow hedges	(1.7)	7.4
Net (expense)/income recognised directly in equity	(563.9)	83.4
Transfer to plant and equipment – cash flow hedges	—	(7.4)
Transfer to income statement – cash flow hedges	—	0.1
Profit for the year	202.1	495.3
Total recognised (expense)/income for the year	(361.8)	571.4
Attributable to:		
Equity holders of the company	(352.9)	585.5
Minority interest	(8.9)	(14.1)
	(361.8)	571.4

Group cash flow statement

for the year ended 30 September 2009

	Notes	2009 R million	2008 R million
Cash flows from operating activities			
Cash receipts from customers		19 449.8	18 268.1
Cash paid to suppliers and employees		(17 229.8)	(16 124.8)
Cash generated from operations	33.1	2 220.0	2 143.3
Income from investments		5.5	14.2
Interest received		113.8	135.2
Interest paid		(477.7)	(460.0)
Retirement benefits, contributions and settlements		(51.8)	250.9
Income tax paid		(416.4)	(558.9)
Replacement capital expenditure		(466.4)	(645.3)
Cash flows from operations		927.0	879.4
Dividends paid		(1.7)	(1.7)
Cash distributions paid		(527.1)	(644.8)
Cash retained from operating activities		398.2	232.9
Cash flows from investing activities			
Expansion capital expenditure		(653.5)	(908.3)
Capitalised expenditure on group ERP systems and other intangible assets		(9.4)	(22.4)
Proceeds on the sale of property, plant and equipment		34.2	117.8
Acquisition of business	33.2	(42.2)	—
Proceeds on the disposal of business	33.3	37.8	19.0
Increase in non-current financial assets and investments		(72.3)	(9.6)
Cash utilised in investing activities		(705.4)	(803.5)
Cash flows from financing activities			
Non-current borrowings raised		594.2	1 220.7
Non-current borrowings repaid		(229.2)	(397.9)
Net current borrowings repaid	33.4	(830.0)	—
Net proceeds from (settlement)/issue of commercial paper	33.4	(8.0)	641.0
Bank overdraft borrowings converted to short-term		—	1 330.0
Capital proceeds from issue of shares		13.7	23.7
Cash (utilised in)/retained from financing activities		(459.3)	2 817.5
Net (decrease)/increase in cash and cash equivalents		(766.5)	2 246.9
Cash and cash equivalents at beginning of year		1 221.7	(1 000.0)
Translation of cash in foreign subsidiaries		(57.3)	(25.2)
Cash and cash equivalents at end of year	33.5	397.9	1 221.7

Accounting policies

for the year ended 30 September 2009

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner as required by the Companies Act of South Africa.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are stated at fair value.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CIRCULARS

The following interpretations were effective for the current financial year, but had no impact on these financial statements:

IFRIC 12 *Service concession agreements*

The interpretation addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements.

IFRIC 13 *Customer loyalty programmes*

The interpretation addresses accounting by entities that grant loyalty award credits (such as points or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.

IFRIC 14 *IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*

The interpretation provides general guidance on how to assess the limit prescribed in IAS 19 employee benefits on the amount of the surplus that can be recognised as an asset. It

also explains how the pension asset or liability may be affected where there is a statutory or contractual minimum funding requirement.

IFRIC 16 *Hedges of a net investment in a foreign operation*

The interpretation deals with the application of net investment hedging in groups. Specifically, it deals with which risks qualify for hedge accounting and what amount can be designated as a hedge, as well as where within the group the hedging instrument can be held.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective for the current year and have not been early adopted:

IFRS 2 *Share-based payments (amendment)*

The amendments clarify the definition of vesting conditions for the purpose of this standard, introduces the concept of “non-vesting” conditions and clarifies the accounting treatment for cancellations as well as group cash-settled share-based payment transactions.

IFRS 3 *Business combinations (revision)*

The revised standard is a comprehensive revision of the acquisition method. It deals specifically with the steps that should be taken when applying the acquisition method. It also deals with the measurement of assets and liabilities acquired at the date of acquisition, and the measurement of any non-controlling interest and goodwill recognised.

IFRS 5 *Non-current assets held for sale and discontinued operations (amendments)*

The amendment flows from the issue of IFRIC 17 (see page 103) such that

- this standard is amended to include assets held for distribution to owners.
- ❖ IFRS 7 *Financial instruments: disclosures (amendments)*

The amendments to the standard enhance the disclosures required in respect of fair value measurements and liquidity risk.
 - ❖ IFRS 8 *Operating segments (new)*

This standard will require a redesignation of the group's reportable segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments.
 - ❖ IAS 1 *Presentation of financial statements (amendments)*

The amendments involve terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
 - ❖ IAS 10 *Events after the reporting period (amendment)*

The amendment flows from the issue of IFRIC 17 (see page 103) and ensures consistency with terminology pertaining to assets distributable as dividends.
 - ❖ IAS 23 *Borrowing costs (amendments)*

The main change to the standard was to eliminate the option to expense all borrowing costs when incurred – thereby requiring the capitalisation model only.
 - ❖ IAS 32 *Financial instruments: presentation (amendments)*

The amendment deals with the criteria to be met for the classification as equity of certain puttable financial instruments and instruments that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity on liquidation.
 - ❖ IAS 39 *Financial instruments: recognition and measurement (amendments)*

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk and hedging with options. These amendments also deal with the accounting treatment for embedded derivatives in the case of a reclassification of a financial asset out of the "fair value through profit or loss" category.
 - ❖ IFRIC 17 *Distribution of non-cash assets to owners*

The interpretation provides guidance on the accounting treatment when an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.
 - ❖ IFRIC 18 *Transfers of assets from customers*

The interpretation addresses the accounting treatment by recipients for transfers of property, plant and equipment from customers with which the recipient must connect the customer to a network or provide goods or services.
 - ❖ *Improvements to IFRSs (2008 and 2009)*

In addition to the new standard, and revisions and amendments to existing standards described above, the improvements consist of a collection of minor amendments to standards that have been issued.
- The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the group. Management is in the process of assessing the impact of IFRS 8 and IAS 1 which will require additional disclosure.

Accounting policies continued

for the year ended 30 September 2009

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts and related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

• Estimates of asset lives, residual lives and depreciation methods

Property, plant and equipment are depreciated over their useful life taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by technology innovations, maintenance programmes and future productivity. Future market conditions determine the residual values. Depreciation is calculated on a straight-line basis which may not represent the actual usage of the asset.

• Post employment benefits valuations

Actuarial valuations of employee benefit obligations under defined benefit funds are based on assumptions which include employee turnover, mortality rates, discount rates, inflation rates, medical inflation, the expected long-term return on plan assets and the rate of compensation increases.

• Consolidation of special purpose entities

Certain special purpose entities established as part of the black economic empowerment transaction have been consolidated as part of the group results. The group does not have any direct or indirect shareholding in these entities,

but the substance of the relationship between the group and these entities was assessed and judgement was made that these are controlled entities.

• Impairment tests of assets and intangibles

Impairment tests on property, plant and equipment are only done if there is an impairment indicator. Goodwill is tested for impairment annually. Future cash flows are based on management's estimate of future market conditions. These cash flows are then discounted and compared to the current carrying value, and if lower the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year-end.

• Valuation of share-based payments

The group has various share schemes, including the schemes established as part of the BEE transaction. The fair value of these schemes is determined at inception based on assumptions on estimated forfeitures, market conditions, discount rates and share price volatility. The market conditions at inception may differ significantly to the eventual outcome.

• Valuation of financial instruments

Financial instruments are valued at balance sheet date. The value of financial instruments can have material fluctuations and therefore disclosed amounts may differ from the realised value.

4. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and subsidiaries (including special purposes entities) where the group demonstrates it controls the entities. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are

currently exercisable or convertible are considered when assessing whether the group controls another entity.

The results of subsidiaries, associate companies and joint ventures acquired or disposed of during the year are included in the consolidated financial statements from the effective dates of acquisition or up to the effective date of disposal, as appropriate.

All inter-group transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's shares of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

5. BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of the exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

6. INVESTMENTS IN ASSOCIATES

Associates are those companies in which the group holds a long-term equity interest and is in a position to exercise significant influence, but not control, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised.

Any excess of the cost of the acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent

Accounting policies continued

for the year ended 30 September 2009

liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

7. INTEREST IN JOINT VENTURES

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The group's share of the assets, liabilities, results and cash flow information of jointly controlled entities is included in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset, when it is recognised immediately.

8. GOODWILL

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of the acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill is allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata of the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal.

9. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value

less costs to sell. Impairment losses on the initial classification as held for sale and subsequent reassessments are accounted for in profit or loss. Non-current assets (and disposal groups) classified as held for sale, are not depreciated.

Discontinued operations are classified as held for sale and are either a separate major line of business or geographical area of operations that have been sold or are part of a single co-ordinated plan to be disposed of.

10. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes. Revenue is measured net of cash discounts, settlement discounts and rebates given to customers.

Sales of goods are recognised when goods are delivered and title has passed. Revenue on services is recognised when the service has been performed.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease.

11. GOVERNMENT GRANTS

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant. Grants that compensate the group for expenses incurred are recognised as income over the periods necessary to match them with the

related costs which they are intended to compensate. Grants that compensate the group for the cost of an asset are recognised as deferred income and then recognised in profit and loss on a systematic basis over the useful life of the asset.

12. LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as receivables at the present value of all minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the group's net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition or, if lower, the present value of minimum lease payments at inception of the lease less accumulated depreciation. The discount rate to be used in calculating the present value is the interest rate implicit to the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance for each accounting period.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease. Benefits

Accounting policies continued

for the year ended 30 September 2009

received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

13. FOREIGN CURRENCIES

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South African rand, which is the functional currency of the group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement and retranslation of monetary items are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period. However, where fair value adjustments of non-monetary items are recognised directly in equity, exchange differences arising on the retranslation of these non-monetary items are also recognised in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into derivative financial instruments. Further details are provided in the accounting policy relating to financial instruments.

For the purposes of presenting consolidated financial statements, the assets and liabilities of

the group's foreign operations are expressed in South African rand using exchange rates prevailing on the balance sheet. Income and expense items are translated at the average exchange rates for the period. Equity is translated at the rate ruling on the date of acquisition. Exchange differences arising are classified as equity and transferred to the foreign currency translation reserve. Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of.

The income and expenses of foreign operations in hyper-inflationary economies are translated into US dollars at the exchange rate relevant at the reporting date. Prior to translating their financial statements, the financial statements are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rate.

14. EMPLOYEE BENEFITS

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered, such as paid vacation and sick leave, bonuses, and non-monetary benefits such as medical care and housing), are recognised in the period in which the service is rendered and are not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or,

in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be measured reliably.

Post-employment benefits

The group operates a number of defined contribution and defined benefit funds in compliance with relevant local legislation. The assets of the funds are held separately from those of the group and are administered either by trustees, which include elected employee representatives, or in some cases, by independent experts.

The group does not provide post-retirement medical benefits for employees who joined the company after 1 June 1996. The obligation in respect of medical benefits to employees and pensioners employed before that date is treated as defined benefit plans.

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement plan.

For defined benefit plans the cost of providing the benefits is determined using the Projected Unit Credit Method. Actuarial valuations are conducted on a triennial basis with interim valuations performed on an annual basis. Consideration is given to any event that could impact the funds up to balance sheet date where interim valuations are performed at an earlier date.

Actuarial gains and losses are recognised directly in equity. Actuarial gains and losses recognised outside profit or loss are presented in the statement of recognised income and expense. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or

loss when the group is demonstrably committed to the curtailment or settlement.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset or surplus is limited to the present value of available refunds and reductions in future contributions to the plan. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded.

Termination benefits

Termination benefits are recognised as a liability and an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before normal retirement date. Termination benefits for voluntary redundancies are recognised if the group has made an offer encouraging voluntary redundancies, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated.

Share-based payments

The group issues equity-settled share-based payments to certain employees. The Black Managers Trust (BMT) issues equity-settled shares to certain employees, however, in the event of death or disability of an employee the settlement will be done in cash rather than equity, this component is therefore treated as cash settled. The Share Appreciation Plan (SAP), Performance Share Plan (PSP) and Nampak 1985 Share Option Scheme (The Option Scheme) are all treated as equity-settled schemes. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market vesting conditions, at the date of grant. The fair value at the grant date of the BMT equity-settled share-based payments is expensed on a straight-line basis over the vesting

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period, based on the group's estimate of the shares that will eventually vest, excluding the effect of non-market vesting conditions. The expense for the SAP and PSP plans is recognised proportionately so that after the third year of the grant a participant will be entitled to a third of the shares, after the fourth year another third so that after five years the participant will be entitled to receive full rights under the plan.

Fair value is measured using various models as disclosed in the share-based payment note. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of estimated forfeitures, exercise restrictions and behavioural considerations.

Grants issued to employees of subsidiaries are treated as equity-settled share-based payments, with the subsidiaries recognising a corresponding increase in equity as a contribution from parent. In the company annual financial statements this contribution is treated as an investment in subsidiaries.

15. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will

be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

16. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

All costs directly attributable to bringing the asset to the location and condition necessary for it to be

capable of operating in the manner intended by management, and for qualifying assets, borrowing costs in accordance with the group's accounting policy are included in the carrying value of the asset. Costs also include an estimate of costs of dismantling and removing the item and restoring the site on which it is located. When parts of an item of property, plant and equipment have different useful lives or residual values, they are accounted for as separate items (major components).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method. Depreciation is not provided in respect of land.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The average rates of depreciation used are:

Freehold buildings	10 to 50 years
Leasehold buildings	Shorter of asset life or the lease term
Plant and equipment	2 to 20 years
Furniture and equipment	4 to 10 years
Motor vehicles	2 to 10 years

Depreciation methods, useful lives and residual values are reassessed annually or when there is an indication that they have changed.

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

17. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

18. INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. The average rate of depreciation used is 10 to 50 years.

19. INTERNALLY GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT COSTS

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably; and
- the product or process is technically feasible.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful

Accounting policies continued

for the year ended 30 September 2009

lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

20. INTANGIBLE ASSETS EXCLUDING GOODWILL

Included in intangible assets are patents, trademarks, capitalised research and development costs, ERP system costs and computer software costs.

Patents and trademarks are measured at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Acquired computer software licences are capitalised on the basis of the costs incurred to bring to use the specific software.

Costs associated with development or maintaining computer software programmes are recognised as the expense is incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are stated at cost less accumulated amortisation and impairment losses and are amortised over their expected useful lives (three to nine years) on a straight-line basis.

21. IMPAIRMENT OF ASSETS EXCLUDING GOODWILL

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of

an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset, or cash-generating unit, is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset, or cash-generating unit, is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

22. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

23. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Non-current financial assets

Non-current financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned. They are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the group has expressed intention or ability to hold to maturity (held-to-maturity securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Instruments other than held-to-maturity debt securities are classified as available-for-sale financial assets, and are measured at subsequent reporting dates at fair value. Unrealised gains and losses arising from the revaluation of available-for-sale financial assets are recognised directly in equity.

On disposal or impairment, cumulative unrealised gains and losses previously

recognised are included in determining the profit or loss on disposal of, or impairment charge relating to, that financial asset, which is charged to the income statement. An impairment loss is measured as the difference between the investment's carrying value and the present value of future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts which are repayable on demand and form an integral part of the daily cash management are also included in cash and cash equivalents.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Accounting policies continued

for the year ended 30 September 2009

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The group's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and commodity prices.

The group uses derivative financial instruments, primarily foreign currency forward contracts, commodity futures and interest rate derivatives to hedge its risks associated with foreign currency and market fluctuations relating to certain firm commitments and forecasted transactions. These derivatives are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises, unless the derivative is designated and effective as a hedging instrument.

The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

Fair value hedges

Changes in the fair value of derivatives that are designated as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The ineffective portion is recognised immediately in profit or loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gain or loss on the derivative that had previously been recognised in equity is included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedge item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

Embedded derivatives

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses in profit or loss.

24. PROVISIONS

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

25. SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged either in providing related products (business segment), or in providing products within a particular economic environment (geographic environment), which is subject to risks and rewards that are different from those of other segments. The group's primary format for segment reporting is based on business segments.

The basis of segmental allocation is determined as follows:

Revenue that can be directly attributed to a segment and the relevant portion of revenue that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments of the group.

Profit from operations that can be directly attributed to a segment and a relevant portion of the profit that can be allocated on a reasonable basis to a segment, including

profit relating to external customers and expenses relating to transactions with other segments in the group. Segment profits exclude profits that arise at a group level and relate to the group as a whole.

Operating assets are those assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Operating assets exclude tax assets, bank balances, deposits and cash.

Operating liabilities are those liabilities that result from the operating activities of a segment and that are either directly attributed to the segment or can be allocated to the segment on a reasonable basis. Operating liabilities exclude loans, borrowings and overdrafts, tax liabilities and the retirement benefit obligation.

26. FINANCIAL GUARANTEES

The group regards financial guarantee contracts as insurance contracts and has used accounting applicable to insurance contracts. Liabilities in terms of the financial guarantees are only recognised when it is probable that economic benefits will flow from the group.

27. OFFSET

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated balance sheet when there is a legal right to set off and there is either an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

28. COMPARATIVE FIGURES

Where necessary, comparative figures have been represented to conform to changes in presentation in the current year. Details of these restatements have been included in the relevant notes to the annual financial statements.

Notes to the group financial statements

For the year ended 30 September 2009

1. FINANCIAL RISK MANAGEMENT

Capital risk management

The group manages its capital to ensure that entities in the group and the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The group's objectives when managing capital are to provide an adequate return to shareholders, to appropriately gear the business, to safeguard the ability of the group to continue as a going concern and to take advantage of opportunities that are expected to provide an adequate return to shareholders.

In order to optimise the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue or buy back shares or sell assets to reduce debt.

The group monitors capital based on its gearing ratio and net debt to EBITDA ratio. These ratios are calculated as net debt divided by total capital and EBITDA respectively.

Financial risk management objectives

The group's corporate treasury provides services to the business, coordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the group. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The main risk areas to which the group is exposed are interest rates, liquidity, currency and commodity prices. The group has adopted the value-at-risk methodology for evaluating financial market risks. Selected derivative and non-derivative hedging instruments are used to hedge risks. Hedging instruments are used to cover risks that affect the group's cash flows and are not used for trading or speculative purposes.

To reduce credit risk, banking facilities are entered into only with leading financial institutions.

Treasury management, reporting to the chief financial officer, is responsible for considering and managing the group's day-to-day financial market risks by adopting strategies within the guidelines set by the audit committee as outlined in the treasury policy manual. Certain transactions require prior approval of the board of directors.

Compliance with policies and exposure limits are periodically reviewed by the internal auditors.

There has been no change to the group and company's exposure to market risk or the manner in which these risks are managed and measured.

Interest rate risk management

Interest rate risk is the possibility that the group may suffer financial loss due to adverse movements in interest rates. The group is exposed to interest rate risks mainly in South Africa, the United Kingdom, Europe and Nigeria. To minimise the effects of interest rate fluctuations in these countries, the group manages the interest rate risk for net debt denominated in rands, pounds, euros and naira separately. The group uses swaps, options, forward rate agreements and other standard market instruments to manage this risk. Interest rate hedging activities are reviewed regularly to ensure compliance with acceptable risk tolerance levels.

The rand, pound, euro and naira risks are mainly managed on a floating rate basis using derivative instruments, where appropriate, to limit the effects of adverse movements in rates.

1. FINANCIAL RISK MANAGEMENT (continued)

The following interest rate derivatives were in place at 30 September 2009:

	Start date	End date	Interest rate % nacq	Notional amount		Fair value	
				2009 R million	2008 R million	2009 R million	2008 R million
Enhanced collar ¹	24/01/2006	01/02/2010	Floor 6.95 Cap 7.97	200.0	200.0	—	9.2
Interest rate swaption ¹	01/02/2010	01/02/2011	7.20	200.0	200.0	(0.1)	—
Enhanced collar ²	16/05/2007	02/07/2010	Floor 8.20 Cap 9.15	300.0	300.0	(2.2)	10.0
Interest rate swaption ²	02/07/2010	01/07/2012	7.70	300.0	300.0	0.2	5.3
Interest rate swap ³	30/06/2006	30/06/2010	8.82	250.0	250.0	(2.9)	5.7
Interest rate swaption ³	30/06/2010	30/06/2011	8.50	500.0	500.0	(4.7)	—
						(9.7)	30.2

¹The counterparty will have the right after four years to put Nampak into a fixed rate for another year at 7.20% nacq.

²On the day the collar ends, the counterparty will have a once-off right to enter into a two-year interest rate swap with Nampak at 7.70% nacq. If the right is exercised then Nampak will have a two-year interest rate hedge at 7.70%.

³The counterparty has the right after four years to extend the swap at a rate of 8.5% nacq and for an amount of R500 million for a further one year.

Interest rate swap contracts

Under interest rate swap contracts, the group and company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group and company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the year-end is determined by discounting the future cash flows using year-end curves and the credit risk inherent in the contract.

A swaption is a contract that gives the buyer of the contract the right, but not the obligation, to enter into a swap contract at a prespecified rate for a predetermined time period.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS7 *Financial Instruments: Disclosures*.

Notes to the group financial statements continued

For the year ended 30 September 2009

1. FINANCIAL RISK MANAGEMENT *(continued)*

The risk profile of interest-bearing financial assets and liabilities at at 30 September:

	Floating rate liabilities R million	Fixed rate liabilities R million	Floating rate assets R million	Fixed rate assets R million	Net liability/ (asset) R million
South African rand	2 188.5	1 390.4 ¹	(403.0)	(489.5) ²	2 686.4
UK pound	72.9	—	(297.9)	—	(225.0)
Euro	215.7	—	(88.0)	—	127.7
Nigerian naira	49.7	—	(41.0)	—	8.7
Other currencies	9.7	—	(25.6)	—	(15.9)
Total at 30 September 2009	2 536.5	1 390.4	(855.5)	(489.5)	2 581.9
South African rand	1 637.0	2 236.5 ¹	(1 242.7)	(229.6) ²	2 401.2
UK pound	34.6	—	(390.7)	—	(356.1)
Euro	226.0	—	(38.7)	—	187.3
Nigerian naira	171.0	—	(52.1)	—	118.9
Other currencies	6.3	—	(29.6)	—	(23.3)
Total at 30 September 2008*	2 074.9	2 236.5	(1 753.8)	(229.6)	2 328.0

¹These liabilities relate to the short-term loans, commercial paper and the non-recourse debt relating to Red Coral Investments 23 (Pty) Limited.

²These assets relate to short-term call deposits.

The following table shows a breakdown of the above liabilities at 30 September:

	Currency	Interest rate % nacm	Maturity	2009 R million	2008 R million*
Commercial paper	ZAR	8.1	06/10/2009	258.0	350.0
Commercial paper	ZAR	8.1	05/11/2009	150.0	141.0
Commercial paper	ZAR	9.6	16/03/2010	10.0	100.0
Commercial paper	ZAR	9.6	16/04/2010	200.0	50.0
Commercial paper	ZAR	9.5	07/05/2010	15.0	—
				633.0	641.0
Other liabilities	ZAR	various	various	2 945.9	3 232.5
	GBP	various	various	72.9	34.6
	EUR	various	various	215.7	226.0
	NGN	17.7	various	49.7	171.0
	Other	various	various	9.7	6.3
				3 293.9	3 670.4
Total liabilities				3 926.9	4 311.4

*The prior year figures have been restated to more accurately reflect the currency allocations.

1. FINANCIAL RISK MANAGEMENT *(continued)*

Weighted average interest rates are as follows:	2009		2008	
	Bank balances	Borrowings	Bank balances	Borrowings
South African rand	9.6%	11.5%	11.5%	12.7%
UK pound	1.0%	2.5%	4.9%	6.7%
Euro	1.5%	3.0%	3.5%	5.5%
US dollar	0.3%	2.8%	1.9%	4.2%
Nigerian naira	2.0%	17.7%	2.5%	14.3%

Sensitivity analysis

If the market interest rates had been 100 basis points higher/lower at 30 September 2009, profit or loss would have been R25.3 million lower/higher (2008: R20.7 million).

The amount of R25.3 million (2008: R20.7 million) is calculated based on the assumption that the daily average weighted cost of borrowings was higher/lower by 100 basis points throughout the year and such rate was applied to the borrowings as at year-end. This would not necessarily equate to the actual profit or loss as year-end borrowings do not reflect actual borrowings throughout the year.

Liquidity risk management

Liquidity risk is the possibility that the group may suffer financial loss through liquid funds not being available or that excessive finance costs must be paid to obtain funds to meet payment requirements. The ultimate responsibility for liquidity risk management rests with the board of directors. The group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis, and by maintaining sufficient undrawn facilities.

During the 2009 financial year, the group continued to focus on short-term liquidity risk management. In addition to the 2008 initiatives, the group converted R350 million of short-term borrowings into a seven-year mortgage secured funding. The group will continue efforts to minimise its short-term liquidity exposure going forward.

Significant liquid resources were held at year-end. The group had the following undrawn facilities available at 30 September:

	South Africa R million	Europe R million	Africa R million	Total R million
Expiry period at 30 September 2009				
One year	1 893.5	—	—	1 893.5
Two to five years	—	145.6	—	145.6
Total	1 893.5	145.6	—	2 039.1
Expiry period at 30 September 2008				
One year	1 310.0	—	65.0	1 375.0
Two to five years	—	221.1	—	221.1
Total	1 310.0	221.1	65.0	1 596.1

Notes to the group financial statements continued

For the year ended 30 September 2009

1. FINANCIAL RISK MANAGEMENT *(continued)*

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities at 30 September was as follows:

At 30 September 2009	Notes	Carrying value R million	Current year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	Over 4 years R million
Financial assets							
Non-current financial assets	8	379.3	—	16.1	14.8	11.5	336.9
Trade receivables and other current assets*	11	2 748.1	2 748.1	—	—	—	—
Bank balances, deposits and cash	12	1 016.1	1 016.1	—	—	—	—
Assets classified as held for sale	13	75.2	75.2	—	—	—	—
Total		4 218.7	3 839.4	16.1	14.8	11.5	336.9
Financial liabilities							
Non-current loans and borrowings	15	2 121.5	—	498.1	26.2	1 004.5	592.7
Trade payables and other current liabilities	18	3 191.1	3 191.1	—	—	—	—
Bank overdrafts and loans	15	1 805.4	1 805.4	—	—	—	—
Liabilities associated with assets held for sale	13	78.0	78.0	—	—	—	—
Total		7 196.0	5 074.5	498.1	26.2	1 004.5	592.7
At 30 September 2008							
Financial assets							
Non-current financial assets**	8	278.3	—	31.5	15.2	10.6	221.0
Trade receivables and other current assets*	11	3 356.3	3 356.3	—	—	—	—
Bank balances, deposits and cash	12	1 727.9	1 727.9	—	—	—	—
Total		5 362.5	5 084.2	31.5	15.2	10.6	221.0
Financial liabilities							
Non-current loans and borrowings	15	1 741.1	—	52.6	521.2	2.6	1 164.7
Trade payables and other current liabilities	18	3 277.4	3 277.4	—	—	—	—
Bank overdrafts and loans	15	2 570.3	2 570.3	—	—	—	—
Total		7 588.8	5 847.7	52.6	521.2	2.6	1 164.7

*Prepayments are excluded from trade receivables and other current assets.

**The prior year figures have been restated.

1. FINANCIAL RISK MANAGEMENT *(continued)*

Currency risk management

Currency risk is the possibility that the group may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency. The group also has translation risk arising from the consolidation of foreign operations into South African rands. Risks from foreign currencies are hedged to the extent that they influence the group's cash flows.

The South African divisions have the greatest exposure to foreign currency risk and it is group policy that all foreign exchange exposures of the South African divisions are economically hedged. Net currency exposures and hedging positions are centrally controlled and managed for South African operations. The currency exposure of the group's European operations is centrally controlled and managed through the United Kingdom. Speculative positions are not permitted.

The group uses forward contracts in particular, together with other hedging instruments such as swaps and options, to manage transactional currency risks. Specific translation risks are managed through the selective use of options and hedge positions. In South Africa, all large capital commitments where the forward exchange component is more than R30 million, are required to be designated as a cash flow hedge. These hedges are tested for hedge effectiveness on a regular basis. In the current year a loss on the fair value of FEC contracts amounting to R1.7 million (2008: R7.4 million gain) was taken to equity. When risks and rewards of ownership transfer to the group, a basis adjustment will be made against the assets. During the year there was no basis adjustment against the cost of assets (2008: R7.4 million).

The group's European operations have designated debt drawn in euros as a hedging instrument against the net asset value of its euro-denominated investments. The hedge seeks to minimise, where possible, the effect that the euro/pound exchange rate has on the net investment in the euro-denominated assets. The hedge position is tested for its effectiveness on a regular basis. A loss of R0.4 million (2008: R5.3 million gain) was taken to the foreign currency translation reserve as a result of the hedge.

Currency conversion guide at 30 September	2009	2008
Income statement (average)		
UK pound	13.94	14.71
Euro	12.19	11.25
US dollar	9.04	7.47
Balance sheet (spot)		
UK pound	12.03	14.87
Euro	10.99	11.69
US dollar	7.51	8.28

Sensitivity analysis

The primary currency risk relates to movements in the exchange rates with the US dollar, UK pound and euro. If the exchange rates with these currencies had weakened by 5% at 30 September 2009, with all other variables held constant, the impact on profit and loss for the year would have been an increase of R15.5 million (2008: R23.3 million). Conversely, if the exchange rates with these currencies strengthened by 5%, profit and loss would decrease by R15.5 million (2008: R23.3 million). A weaker exchange rate against the major currencies would have a positive impact on profit and loss as the group has more receivables denominated in foreign currency than payables.

Notes to the group financial statements continued

For the year ended 30 September 2009

1. FINANCIAL RISK MANAGEMENT *(continued)*

In South Africa all imports, exports and capital commitments are fully hedged once they are firm and ascertainable. The values of open forward contracts entered into at 30 September and their expected maturity profiles are:

	Average contract rate		Notional amount Net (imports)/exports		Fair value (Liability)/asset	
	2009	2008	2009 R million	2008 R million	2009 R million	2008 R million
Fair value hedges						
<i>US dollars</i>						
Less than 3 months	8.05	8.03	(130.3)	(118.4)	(6.5)	4.1
3 to 6 months	8.17	8.15	(7.6)	0.3	(0.5)	1.1
6 to 9 months	8.16	8.24	(10.1)	(11.1)	(0.4)	0.6
<i>Euros</i>						
Less than 3 months	11.38	12.22	(195.2)	(284.5)	(6.5)	(3.9)
3 to 6 months	11.58	12.29	(87.0)	(78.8)	(1.6)	(1.2)
6 to 9 months	11.47	12.08	(26.5)	(41.5)	—	0.6
Greater than 9 months	—	11.85	—	(3.8)	—	0.2
<i>UK pounds</i>						
Less than 3 months	12.71	15.17	(4.5)	(8.6)	—	—
3 to 6 months	12.69	15.40	(9.5)	(0.9)	(0.8)	—
6 to 9 months	—	—	—	10.6	—	3.2
<i>Other</i>						
Less than 3 months	—	—	(12.1)	(10.9)	(0.7)	—
3 to 6 months	—	—	(13.1)	(1.7)	(0.6)	—
					(17.6)	4.7

Commodity price risk management

Commodity price risk is the risk that the group may suffer financial loss when a fluctuating price contract is entered into and commodity prices increase or when a fixed price agreement is entered into and commodity prices fall. The group uses derivative instruments, including forward agreements and futures, to hedge commodity risk.

Fair value hedges	Average contract rate		Notional amount		Fair value (Liability)/asset	
	2009 R	2008 R	2009 R million	2008 R million	2009 R million	2008 R million
Aluminium futures						
Less than 3 months	16 438	23 059	(34.6)	(61.2)	(4.7)	(6.7)
3 to 6 months	16 422	23 442	(14.1)	(53.4)	(1.4)	(4.9)
6 to 9 months	16 600	22 911	(2.1)	(27.7)	(0.2)	(1.4)
Greater than 9 months	—	22 300	—	(21.7)	—	0.2
					(6.3)	(12.8)

1. FINANCIAL RISK MANAGEMENT *(continued)*

Sensitivity analysis

If commodity prices relevant to the group had been 5% higher and all other variables remained constant, profit for the year would have been R0.2 million higher (2008: R2.5 million higher). Conversely, if commodity prices relevant to the group had been 5% lower and all other variables remained constant, profit for the year would have been R0.2 million lower (2008: R2.5 million lower).

At year-end the primary commodity exposure that the group had, related to the purchase price of aluminium.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.

Potential concentrations of credit risk consist principally of cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as trade debtors. The credit risk on liquid funds and derivative financial instruments is limited because the group's counterparties are major banks of high standing.

Trade debtors comprise a large, widespread customer base. Ongoing credit evaluations on the financial condition of customers are performed, taking into account financial position and past experience and, where appropriate, credit guarantee insurance cover is purchased or provisions made.

The group does not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for at the balance sheet date.

Fair value of financial instruments

The group's financial instruments consist mainly of investments, bank balances, deposits and cash, trade receivables and other financial assets, trade payables and other financial liabilities, interest-bearing borrowings and derivative financial instruments.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Investments – the fair value of investments is based on quoted bid prices, or the present value of expected future cash flows discounted at market-related interest rates.

Bank balances, deposits and cash – the carrying value approximates fair value due to the relatively short-term maturity of these financial assets.

Trade receivables and other financial assets – the fair value of receivables approximates the carrying value as market-related interest rates are charged on outstanding balances.

Trade payables and other financial liabilities – the carrying value approximates fair value due to the relatively short-term maturity of these financial liabilities.

Borrowings – the fair value of long-term borrowings is based on discounted cash flows using the effective-interest method. The carrying value of short-term borrowings approximates fair value due to the short period to maturity of these instruments.

Derivative instruments – the fair value of derivative instruments is calculated using mark-to-market valuations. The fair value of derivative financial instruments raised on the balance sheet is as follows:

(Liability)/asset	2009 R million	2008 R million
Interest rate swaps	(9.7)	30.2
Forward exchange contracts	(17.6)	4.7
Commodity contracts – Aluminium futures	(6.3)	(12.8)
Total	(33.6)	22.1
Analysed between:		
Derivative financial assets (note 11)	1.8	39.2
Derivative financial liabilities (note 18)	(35.4)	(17.1)
	(33.6)	22.1

Notes to the group financial statements continued

For the year ended 30 September 2009

	Revenue		Profit/(loss) from operations	
	2009 R million	2008 R million	2009 R million	2008 R million
2. SEGMENTAL REPORT				
Metals and glass	6 003.3	5 061.0	729.9	811.6*
Africa	6 003.3	5 061.0	729.9	811.6
Paper	8 776.9	8 433.4	(305.3)	(296.8)
Africa	5 459.6	5 121.3	(391.9)	229.3
Europe	3 317.3	3 312.1	86.6	(526.1)
Plastics	4 754.8	4 934.6	200.8	270.9
Africa	3 246.9	3 165.1	141.0	104.4
Europe	1 507.9	1 769.5	59.8	166.5
Group Services	394.4	359.1	(30.2)	163.6
Africa	—	—	(74.7)	121.8*
Europe	394.4	359.1	44.5	41.8
Intersegment eliminations	(343.8)	(330.6)	—	—
Total	19 585.6	18 457.5	595.2	949.3
Geographical analysis				
South Africa	13 306.5	12 291.2	334.2	1 199.0
Africa	1 403.3	1 056.2	70.1	68.1
Europe	5 219.6	5 440.7	190.9	(317.8)
Intersegment eliminations	(343.8)	(330.6)	—	—
Total	19 585.6	18 457.5	595.2	949.3

*Rebates from suppliers included in group services have been reallocated.

**EBITDA has been adjusted to include net impairment losses/(reversals). Comparatives have been restated.

Operating margin		EBITDA**		Depreciation and amortisation		Net impairment losses/(reversals)	
2009 %	2008 %	2009 R million	2008 R million	2009 R million	2008 R million	2009 R million	2008 R million
12.2	16.0	889.3	947.6	158.3	136.3	1.1	(0.3)
12.2	16.0	889.3	947.6	158.3	136.3	1.1	(0.3)
(3.5)	(3.5)	381.6	599.2	365.1	330.9	321.8	565.1
(7.2)	4.5	157.1	427.6	226.6	182.8	322.4	15.5
2.6	(15.9)	224.5	171.6	138.5	148.1	(0.6)	549.6
4.2	5.5	471.6	528.0	232.7	223.2	38.1	33.9
4.3	3.3	333.5	300.7	168.7	162.4	23.8	33.9
4.0	9.4	138.1	227.3	64.0	60.8	14.3	—
		90.7	227.1	55.2	60.5	65.7	3.0
		40.2	180.8	49.9	56.0	65.0	3.0
		50.5	46.3	5.3	4.5	0.7	—
	—	—	—	—	—		
3.0	5.1	1 833.2	2 301.9	811.3	750.9	426.7	601.7
2.5	9.8	1 290.9	1 739.0	544.4	490.9	412.3	49.1
5.0	6.4	129.2	117.7	59.1	46.6	—	3.0
3.7	(5.8)	413.1	445.2	207.8	213.4	14.4	549.6
—	—	—	—	—	—	—	—
3.0	5.1	1 833.2	2 301.9	811.3	750.9	426.7	601.7

Notes to the group financial statements continued

For the year ended 30 September 2009

	Operating assets		Operating liabilities		Capital expenditure	
	2009 R million	2008 R million	2009 R million	2008 R million	2009 R million	2008 R million
2. SEGMENTAL REPORT <i>(continued)</i>						
Metals and glass	4 009.3	3 350.7	1 040.0	858.6	452.3	482.9
Africa	4 009.3	3 350.7	1 040.0	858.6	452.3	482.9
Paper	5 656.4	6 603.2	1 443.5	1 584.0	468.5	715.7
Africa	3 754.5	4 423.1	940.5	1 053.6	299.3	625.5
Europe	1 901.9	2 180.1	503.0	530.4	169.2	90.2
Plastics	2 321.1	2 677.1	736.8	824.0	169.2	293.3
Africa	1 789.7	1 985.0	544.4	580.6	135.5	241.9
Europe	531.4	692.1	192.4	243.4	33.7	51.4
Group Services	875.5	1 069.4	201.2	171.0	39.3	84.1
Africa	789.7	854.8	175.0	167.1	38.4	75.6
Europe	85.8	214.6	26.2	3.9	0.9	8.5
Total	12 862.3	13 700.4	3 421.5	3 437.6	1 129.3	1 576.0
Geographical analysis						
South Africa	8 931.6	9 346.5	2 333.9	2 273.6	518.7	1 143.1
Africa	1 411.6	1 267.1	366.0	386.3	406.8	282.8
Europe	2 519.1	3 086.8	721.6	777.7	203.8	150.1
Total	12 862.3	13 700.4	3 421.5	3 437.6	1 129.3	1 576.0

For management purposes, the group is organised into four business clusters based on raw material inputs. The clusters are the basis on which the group reports its primary segment information. The principal activities of the clusters are as follows:

Metals and glass – manufacture of beverage cans, food cans, aerosol cans, other metal packaging and glass packaging.

Paper – manufacture of corrugated boxes, folding cartons, toilet tissue and paper manufacturing.

Plastics – manufacture of plastic bottles, crates and drums, checkout bags, tubs and tubes and a full range of flexible plastics products.

Group Services – head office activities, procurement, treasury and property services.

In addition, the businesses are grouped by geographical location. The main geographical regions identified are South Africa, Rest of Africa and Europe. Geographical split is determined by location of the operating assets.

Intersegmental transactions are at market-related rates.

	Freehold land and buildings R million	Leasehold buildings R million	Plant, equipment and vehicles R million	Capitalised leased plant and vehicles R million	Total property, plant and equipment R million	Investment properties R million
3. PROPERTY, PLANT AND EQUIPMENT						
Gross carrying amount						
At 1 October 2007	1 114.8	132.3	7 707.6	64.5	9 019.2	8.6
Additions	77.9	9.4	1 451.2	15.1	1 553.6	—
Transfer from equity on cash flow hedges	—	—	(7.4)	—	(7.4)	—
Interest capitalised	0.2	—	59.2	—	59.4	—
Disposals	(7.1)	(14.5)	(350.2)	(23.7)	(395.5)	—
Impairment loss	—	(4.4)	(14.6)	—	(19.0)	—
Reversal of impairment loss	—	—	3.8	—	3.8	—
Reclassified to assets held for sale	—	—	(33.9)	—	(33.9)	—
Translation differences	91.4	13.1	370.4	—	474.9	—
Other movements	17.8	(8.1)	11.4	—	21.1	—
At 30 September 2008	1 295.0	127.8	9 197.5	55.9	10 676.2	8.6
Additions	235.2	8.1	859.7	16.9	1 119.9	—
Interest capitalised	0.2	—	35.8	—	36.0	—
Acquisition of business	—	—	44.4	68.3	112.7	—
Disposals	(4.3)	(7.9)	(404.5)	(18.8)	(435.5)	(0.3)
Impairment loss	—	—	(350.5)	—	(350.5)	—
Reversal of impairment loss	—	—	0.5	—	0.5	—
Reclassified to assets held for sale	(4.3)	—	(87.0)	—	(91.3)	—
Translation differences	(130.9)	(15.5)	(555.3)	(1.2)	(702.9)	—
Other movements	(10.2)	(0.6)	(4.5)	4.5	(10.8)	—
At 30 September 2009	1 380.7	111.9	8 736.1	125.6	10 354.3	8.3

Notes to the group financial statements continued

For the year ended 30 September 2009

	Freehold land and buildings R million	Leasehold buildings R million	Plant, equipment and vehicles R million	Capitalised leased plant and vehicles R million	Total property, plant and equipment R million	Investment properties R million
3. PROPERTY, PLANT AND EQUIPMENT <i>(continued)</i>						
Accumulated depreciation						
At 1 October 2007	281.7	31.4	3 011.8	31.1	3 356.0	4.9
Depreciation charge for the year	22.5	4.7	634.9	11.8	673.9	0.1
Disposals	(2.9)	(6.1)	(272.6)	(17.2)	(298.8)	—
Reclassified to assets held for sale	—	—	(11.9)	—	(11.9)	—
Reclassified from owner- occupied properties	(2.2)	2.2	—	—	—	—
Translation differences	15.6	3.2	193.5	—	212.3	—
Other movements	(0.1)	(1.6)	3.4	—	1.7	—
At 30 September 2008	314.6	33.8	3 559.1	25.7	3 933.2	5.0
Depreciation charge for the year	23.3	5.1	683.8	15.1	727.3	2.0
Acquisition of business	—	—	35.3	40.9	76.2	—
Disposals	(2.2)	(6.9)	(350.3)	(15.7)	(375.1)	(0.2)
Reclassified to assets held for sale	(1.2)	—	(54.1)	—	(55.3)	—
Translation differences	(12.8)	(4.1)	(321.7)	(0.8)	(339.4)	—
Other movements	3.3	—	(4.6)	(0.8)	(2.1)	(1.9)
At 30 September 2009	325.0	27.9	3 547.5	64.4	3 964.8	4.9
Net book value at 30 September 2009	1 055.7	84.0	5 188.6	61.2	6 389.5	3.4
Net book value at 30 September 2008	980.4	94.0	5 638.4	30.2	6 743.0	3.6

	2009 R million	2008 R million
3. PROPERTY, PLANT AND EQUIPMENT <i>(continued)</i>		
The open market value of the group's properties was determined by The Property Partnership (independent valuers not connected to the group) in July 2008, and adjusted for subsequent additions and disposals. These properties were valued by reference to market evidence of recent transactions for similar properties.		
– Freehold land and buildings	1 841.3	2 045.9
– Investment properties	28.5	28.5
A schedule of the group's properties is available to users of the financial statements on receipt of a written request.		
Insured value of the plant, equipment and vehicles	25 705.5	19 736.2
– South Africa	19 000.9	14 363.3
– Africa	1 482.9	836.8
– Europe	5 221.7	4 536.1
Refer to note 15 for details of property, plant and equipment encumbered.		
Property rental income earned by the group from its investment property under operating leases	1.5	1.2
Direct operating expenses relating to investment properties	0.6	0.3
Impairment losses have been recognised on certain plant and equipment where the carrying value exceeded the higher of value in use or fair value less cost to sell.		

	R million
4. GOODWILL	
Carrying amount	
At 1 October 2007	803.5
Impairment loss	(568.9)
Translation differences	21.5
At 30 September 2008	256.1
Acquisition of business	43.7
Impairment loss	(4.6)
Translation differences	(7.3)
At 30 September 2009	287.9

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

Impairment losses are reported in the "other operating expenses" line of the income statement.

Notes to the group financial statements continued

For the year ended 30 September 2009

The allocation of goodwill by cash-generating unit is presented below:

	Cost R million	Cumulative impairment R million	Net carrying value R million
4. GOODWILL (continued)			
At 30 September 2009			
South Africa			
Metals	123.4	—	123.4
Rigids	60.1	—	60.1
Flexibles	53.5	19.5	34.0
Paper	44.3	14.1	30.2
Europe			
Healthcare	289.5	253.1	36.4
Paper	328.6	328.6	—
Africa			
Metals	21.4	18.2	3.2
Other	3.5	2.9	0.6
	924.3	636.4	287.9
At 30 September 2008			
South Africa			
Metals	123.4	—	123.4
Rigids	60.1	—	60.1
Flexibles	53.5	19.5	34.0
Paper	44.3	9.5	34.8
Europe			
Healthcare	302.7	302.7	—
Paper	397.1	397.1	—
Africa			
Metals	21.4	18.2	3.2
Other	3.5	2.9	0.6
	1 006.0	749.9	256.1

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined using value in use calculations. These calculations use cash flow projections based on the most recent financial budgets approved by management for the next five years. Cash flows beyond the five-year period are extrapolated using the growth rates below:

Key assumptions used for value-in-use calculations

	South Africa %	Africa %	Europe %
4. GOODWILL (continued)			
2009			
Growth rate*	0.0	0.0	0.0
Discount rate (pretax)	11.4	20.0	7.2
2008			
Growth rate*	0.0	0.0	0.0
Discount rate (pretax)	13.6	20.0	9.5

*This is the growth rate used in the calculation of the termination value after the five-year management estimate of cash flows.

Management estimates discount rates using the pre-tax average weighted cost of capital for the group, adjusted for risks associated with the geographical markets in which the CGUs operate. Growth rates are based on industry growth rate forecasts.

During the year, the group acquired the entire equity of Storey Evans Holdings Limited. The goodwill relating to this acquisition is £3.1 million (R43.7 million at acquisition) and is allocated to the Europe Healthcare cash-generating unit.

Goodwill of R4.6 million relating to an operation that has been classified as held for sale was impaired during the year due to indications that this goodwill will not be recovered on its disposal.

In the prior year the group determined that goodwill associated with Cartons Europe was impaired by R254.2 million due to the underrecovery of cost increases coupled with lower margin business following a number of tenders. Additional goodwill of R282.7 million relating to the Healthcare UK business was written off due to the permanent reduction of revenue as a direct consequence of a fire at the Thorpe site. These losses were reported in the Europe Paper and Europe Healthcare segments respectively. The remainder of the goodwill impaired in the prior year mainly related to local operations which were affected by reduced profitability.

Notes to the group financial statements continued

For the year ended 30 September 2009

	ERP systems and software R million	Other R million	Total R million
5. OTHER INTANGIBLE ASSETS			
Cost			
At 1 October 2007	484.6	23.7	508.3
Additions	22.4	—	22.4
Disposals	(2.6)	—	(2.6)
Impairment loss	(4.5)	(0.3)	(4.8)
Translation differences	1.9	—	1.9
Other movements	(0.7)	7.4	6.7
At 30 September 2008	501.1	30.8	531.9
Additions	8.6	0.8	9.4
Disposals	(11.7)	—	(11.7)
Impairment loss	(34.0)	(0.5)	(34.5)
Translation differences	(4.6)	—	(4.6)
Other movements	1.9	0.1	2.0
At 30 September 2009	461.3	31.2	492.5
Amortisation			
At 1 October 2007	221.9	10.6	232.5
Charge for the year	66.6	10.3	76.9
Disposals	(2.6)	—	(2.6)
Translation differences	0.8	—	0.8
Other movements	6.9	0.4	7.3
At 30 September 2008	293.6	21.3	314.9
Charge for the year	71.7	10.3	82.0
Disposals	(8.0)	—	(8.0)
Translation differences	(1.3)	—	(1.3)
Other movements	7.7	(4.3)	3.4
At 30 September 2009	363.7	27.3	391.0
Net carrying value at 30 September 2009	97.6	3.9	101.5
Net carrying value at 30 September 2008	207.5	9.5	217.0

Other intangible assets consist of patents, trademarks and licences.

The balance of the common design of the group's ERP systems of R34.0 million has been impaired in the current year as there are no future identifiable cash benefits. In the prior year, divisional implementations were impaired by R4.5 million on the basis of their ability to generate future identifiable cash benefits. A discount rate of 10.4% (2008: 13.6%) was applied to the future cash flows.

The balance of the impairment losses of R0.5 million (2008: R0.3) related to patents.

The carrying amount of ERP systems for South Africa is R61.4 million and the remaining useful life is 1.4 years.

	2009 R million	2008 R million
6. INVESTMENTS IN ASSOCIATES		
(Refer to Annexure A for details)		
Cost of investments in associates	4.9	4.9
Share of other post-acquisition reserves	3.3	3.3
Share of post-acquisition profit, net of dividend received	11.6	12.1
Opening balance	12.1	12.5
Share of current year (loss)/profit	(0.5)	8.7
Dividends received	—	(9.1)
	19.8	20.3
The financial year-ends of Group Risk Holdings (Pty) Limited and Collecta-Can (Pty) Limited are 30 September and 31 December respectively. The September management accounts were used to prepare the financial statements for consolidation purposes.		
The group has obligations in respect of losses from associates to the extent of the carrying value of the investment.		
Summarised financial information in respect of the group's associates is set out below:		
Revenue	239.3	257.6
(Loss)/profit for the year	(0.9)	13.2
Group's share of associates' (loss)/profit for the year	(0.5)	8.7
Total assets	437.0	386.7
Total liabilities	387.8	336.5
Net assets	49.2	50.2
Group's share of associates' net assets	19.8	20.3
7. INVESTMENTS IN JOINT VENTURES		
(Refer to Annexure A for details)		
The following amounts are included in the group's financial statements as a result of the proportionate consolidation of its joint ventures:		
Income	673.8	534.7
Expenses	656.1	530.9
Current assets	279.1	213.3
Non-current assets	413.9	427.7
Current liabilities	104.9	209.0
Non-current liabilities	508.6	335.0
The group's share of capital commitments from joint ventures is R77.8 million (2008: R2.0 million).		

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million	2008 R million
8. OTHER NON-CURRENT FINANCIAL ASSETS		
Available-for-sale financial assets		
(Refer to Annexure B for details)		
Other investments	14.7	16.2
Impairment loss	(1.0)	(0.3)
	13.7	15.9
Loans and receivables		
Loans to minority shareholders and joint-venture partners ¹	277.7	197.9
Non-current receivable on disposal of properties ²	16.9	19.1
Equipment sales receivables ³	70.1	38.5
Management retention bonuses	34.6	—
Other loans and receivables	30.6	24.5
Impairment loss ¹	(36.9)	—
Total loans and receivables	393.0	280.0
Less: Amounts receivable within one year, reflected in trade receivables and other current assets (note 11)	27.4	17.6
Net non-current loans and receivables	365.6	262.4
Total	379.3	278.3

¹The loans to the minority shareholders relate to two unsecured loans. The first loan is repayable on 31 May 2010 and interest is charged at the South African prime rate. The second loan is repayable in approximately nine years and interest is charged at the South African prime rate less 2%. These two loans were impaired during the current year.

The loans to the joint-venture partners are also unsecured. The first loan is repayable in 2015 and interest is charged at the South African prime rate less 2%. The second loan is repayable in 2014 and interest is charged at the South African prime rate.

²The non-current receivable on disposal of properties relates to the mortgage loan to Nampak Wiegand Glass (Pty) Limited. The loan has a final repayment date in April 2015 and interest is charged at the South African prime rate less 2%.

³Equipment sales receivables are repayable from 2010 to 2014. Interest is charged at the South African prime rate.

The fair value of all loans and receivables approximates cost and was calculated by discounting cash flows at a market-related interest rate.

9. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the group, and the movements thereon, during the current and prior reporting periods:

	Accele- rated tax depre- ciation R million	Provisions R million	Prepay- ments R million	Retirement benefit obligation R million	Other R million	Tax losses R million	Total R million
At 1 October 2007	823.9	(76.6)	1.7	(152.5)	167.9	(31.3)	733.1
Credit to equity for the year	—	—	—	(65.5)	—	—	(65.5)
Charge/(credit) to profit for the year	60.0	(45.4)	—	(102.0)	(23.8)	(92.2)	(203.4)
Translation differences	20.3	(6.3)	—	(4.1)	10.2	—	20.1
At 30 September 2008	904.2	(128.3)	1.7	(324.1)	154.3	(123.5)	484.3
Credit to equity for the year	—	—	—	(52.6)	—	—	(52.6)
(Credit)/charge to profit for the year	(60.9)	(29.2)	(0.6)	10.1	(31.7)	(192.1)	(304.4)
Acquisition of subsidiary	3.7	(0.3)	—	—	0.6	(3.0)	1.0
Reclassified to non-current assets held for sale	(8.6)	0.6	(0.1)	—	—	6.0	(2.1)
Translation differences	(34.1)	7.3	—	19.2	(26.3)	(0.1)	(34.0)
At 30 September 2009	804.3	(149.9)	1.0	(347.4)	96.9	(312.7)	92.2
						2009 R million	2008 R million
Analysed between:							
Deferred tax assets						200.9	11.6
Deferred tax liabilities						293.1	495.9
						92.2	484.3

At balance sheet date, the group had unused tax losses of R1 304.8 million (2008: R574.3 million) available for offset against future taxable profits. Deferred tax assets have been recognised in respect of R1 135.8 million (2008: R432.2 million) of such losses. No deferred tax asset has been recognised on the remaining R169.0 million (2008: R142.1 million) due to the unpredictability of future profit streams. There are no expiry dates on the tax losses.

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million	2008 R million
10. INVENTORIES		
Raw materials	1 111.3	1 212.4
Work in progress	248.8	217.1
Finished goods	1 005.0	963.1
Consumables	278.7	248.1
Total	2 643.8	2 640.7
Carrying amount of inventories included at net realisable value	93.3	61.4
Amount of write-down of inventory to net realisable value included in raw materials and consumables used	8.7	36.3
Amount of reversals of previous inventory write-downs included in raw materials and consumables used	—	17.5
The reversal in the prior year related to inventory, which had previously been written down, sold at higher than expected realisable values.		
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS		
Trade receivables net of allowance for doubtful debts	2 573.6	2 822.0
Prepayments	116.2	169.1
Derivative financial instruments (note 1)	1.8	39.2
Current portion of loans and receivables (note 8)	27.4	17.6
Insurance claim receivable	—	150.5
Other	145.3	327.0
Total	2 864.3	3 525.4

The directors consider that the carrying amounts of trade receivables and other current assets approximate their fair values due to the short-term nature of these assets. The total amount receivable represents the maximum exposure to credit risk for trade receivables and other current assets, before any credit enhancements or collateral that may be held.

The average credit term on the sale of goods is 30 days. The group does not permit general provisions for doubtful debts based solely on the age of receivables. Trade receivables are provided for on the basis of the estimated irrecoverable amounts from the sale of goods, determined by a historical trend analysis for similar classes of receivables.

The insurance claim receivable in the prior year relates to a claim for assets destroyed in the factory fire at the Healthcare site in Thorpe, UK.

Included in the group's trade receivable balance are debtors with a carrying value of R566.3 million (2008: R686.8 million) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

	2009 R million	2008 R million
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS <i>(continued)</i>		
Ageing of past due but not impaired trade receivables		
30 days and less	323.8	292.0
30 – 60 days	129.7	127.1
60 – 90 days	40.7	73.2
90 – 180+ days	72.1	194.5
Total	566.3	686.8
<p>An allowance of R178.0 million (2008: R88.7 million) has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default.</p>		
Analysis of the allowance for doubtful debts		
Balance at beginning of year	88.7	65.8
Impairment losses recognised on receivables	195.2	49.9
Amounts written off during the year	(91.4)	(15.2)
Impairment losses reversed	(14.5)	(11.8)
Balance at end of year	178.0	88.7
<p>In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. With the exception of a few multinationals, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the board of directors believes that there is no further credit provision required in excess of the allowance for doubtful debts.</p>		
12. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	343.5	1 189.3
Short-term bank deposits	672.6	538.6
Total	1 016.1	1 727.9
South African rand	563.6	1 217.1
Foreign currencies	452.5	510.8
	1 016.1	1 727.9

Notes to the group financial statements continued

For the year ended 30 September 2009

13. ASSETS HELD FOR SALE

The group intends to dispose of the Interpak and Disaki businesses, as well as the manufacturing divisions of Redibox within the next 12 months as part of the group's strategy of exiting its non-core businesses. These disposal groups are included in the Africa Paper segment for segmental reporting purposes. Impairment losses of R32.3 million and R3.3 million respectively were recognised for the assets of the Interpak and Disaki disposal groups in the current year. A further impairment loss of R3.2 million was recognised for the assets of the Redibox disposal group in the current year.

The group also intends to dispose of the L & CP business and the assets of the Foam operation within the next 12 months as part of the above strategy. These disposal groups are included in the Africa Plastics segment for segmental reporting purposes. An impairment loss of R13.2 million was recognised for the assets of the Foam disposal group in the current year. No impairment losses have been recognised for the assets of the L & CP operation as the proceeds on disposal are expected to exceed the net carrying amount of these assets.

In the prior year the assets attributable to the Durban operation of Bevcap and the Flexpak Meadowbrook operation were classified as held for sale. The effective dates of disposal were 1 May 2009 and 1 August 2009 respectively. These disposal groups were included in the Africa Plastics segment for segmental reporting purposes.

Certain properties in Europe have also been classified as held for sale in prior years. These properties are included in Services for segmental purposes. No impairment losses have been recognised as the proceeds on disposal are expected to exceed the net carrying amount of the properties. The carrying value of these properties at the end of the year is R15.1 million (2008: R18.6 million).

The assets and liabilities attributable to the business units and assets which are expected to be sold in the next 12 months have been classified as disposal groups held for sale and are presented separately in the balance sheet.

	2009 R million	2008 R million
13. ASSETS HELD FOR SALE <i>(continued)</i>		
The major classes of assets and liabilities comprising the disposal groups classified as held for sale are as follows:		
Assets classified as held for sale		
Property, plant and equipment	51.1	28.2
Inventories	47.6	24.0
Trade receivables and other current assets	74.1	—
Bank balances, deposits and cash	1.1	—
Tax asset	1.0	—
	174.9	52.2
Liabilities directly associated with assets classified as held for sale		
Deferred tax liabilities	2.1	—
Trade and other payables	78.0	—
	80.1	—

Notes to the group financial statements continued

For the year ended 30 September 2009

14. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

		Capital reserves			
	Notes	Share capital R million	Share premium R million	Treasury shares R million	Share option reserve R million
At 1 October 2007		35.4	1 526.3	(1 295.2)	285.8
Employee share option scheme:					
– value of employee services		–	–	–	(8.0)
– proceeds from shares issued		0.1	23.6	–	–
Share of associates' non-distributable reserves		–	–	–	–
Disposal of share in associate – transfer to distributable reserves		–	–	–	–
Currency translation differences		–	–	–	–
Gain on cash flow hedges		–	–	–	–
Transfer from cash flow hedging reserve to assets		–	–	–	–
Transfer from cash flow hedging reserve to income statement		–	–	–	–
Actuarial loss		–	–	–	–
Profit for the year		–	–	–	–
Dividends paid	27	–	–	–	–
Cash distributions from share premium	27	–	(724.8)	80.0	–
At 30 September 2008		35.5	825.1	(1 215.2)	277.8
Employee share option scheme:					
– value of employee services		–	–	–	17.2
– share grants exercised		–	–	–	(2.7)
– proceeds from shares issued		0.1	13.6	–	–
– share grants forfeited after vesting date		–	–	–	(0.3)
Currency translation differences		–	–	–	–
Loss on cash flow hedges		–	–	–	–
Actuarial loss		–	–	–	–
Profit for the year		–	–	–	–
Dividends paid	27	–	–	–	–
Cash distributions from share premium	27	–	(592.3)	65.2	–
At 30 September 2009		35.6	246.4	(1 150.0)	292.0

Other reserves

Foreign currency translation reserve R million	Hyper- inflation capital adjustment R million	Financial instruments hedging reserve R million	Recogn- ised actuarial losses R million	Share of non-distributable reserves in associates R million	Available- for-sale financial assets revaluation reserve R million	Other R million	Retained earnings R million	Total attributable to equity holders of company R million	Minority interest R million	Total equity R million
191.6	(24.3)	(0.3)	(25.0)	1.8	(38.9)	0.2	5 344.6	6 002.0	47.5	6 049.5
—	—	—	—	—	—	—	—	(8.0)	—	(8.0)
—	—	—	—	—	—	—	—	23.7	—	23.7
—	—	—	—	1.8	—	—	—	1.8	—	1.8
—	—	—	—	(0.3)	—	—	0.3	—	—	—
255.4	—	—	—	—	—	—	—	255.4	6.7	262.1
—	—	7.4	—	—	—	—	—	7.4	—	7.4
—	—	(7.4)	—	—	—	—	—	(7.4)	—	(7.4)
—	—	0.1	—	—	—	—	—	0.1	—	0.1
—	—	—	(186.1)	—	—	—	—	(186.1)	—	(186.1)
—	—	—	—	—	—	—	516.1	516.1	(20.8)	495.3
—	—	—	—	—	—	—	(1.7)	(1.7)	—	(1.7)
—	—	—	—	—	—	—	—	(644.8)	—	(644.8)
447.0	(24.3)	(0.2)	(211.1)	3.3	(38.9)	0.2	5 859.3	5 958.5	33.4	5 991.9
—	—	—	—	—	—	—	—	17.2	—	17.2
—	—	—	—	—	—	—	—	(2.7)	—	(2.7)
—	—	—	—	—	—	—	—	13.7	—	13.7
—	—	—	—	—	—	—	0.3	—	—	—
(422.3)	—	—	—	—	—	—	—	(422.3)	(4.6)	(426.9)
—	—	(1.7)	—	—	—	—	—	(1.7)	—	(1.7)
—	—	—	(135.3)	—	—	—	—	(135.3)	—	(135.3)
—	—	—	—	—	—	—	204.8	204.8	(2.7)	202.1
—	—	—	—	—	—	—	(0.1)	(0.1)	(1.6)	(1.7)
—	—	—	—	—	—	—	—	(527.1)	—	(527.1)
24.7	(24.3)	(1.9)	(346.4)	3.3	(38.9)	0.2	6 064.3	5 105.0	24.5	5 129.5

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million	2008 R million
14. CAPITAL AND RESERVES <i>(continued)</i>		
Share capital and premium		
Authorised:		
745 000 000 ordinary shares of 5 cents each	37.3	37.3
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 200 preferred ordinary shares of 5 cents each	1.6	1.6
100 redeemable preference shares of 5 cents each	—	—
Authorised share capital	39.9	39.9
Issued:		
659 264 090 (2008: 658 141 761) ordinary shares of 5 cents each	33.0	32.9
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 195 preferred ordinary shares of 5 cents each	1.6	1.6
Issued share capital	35.6	35.5
26 138 365 (2008: 27 183 812) ordinary shares have been set aside for employees' share schemes.		
The preferred ordinary shares will convert to ordinary shares on the earlier of 31 January 2011 or the date on which Red Coral Investments 23 (Pty) Limited is obliged to redeem all the preference shares issued to its financiers, upon an event of default, in accordance with the terms of the preference shares agreements between Red Coral and its financiers.		
The preferred ordinary shares will confer on the holders the right to receive a cumulative fixed annual dividend of 100 cents payable in equal instalments of 50 cents each on 31 January and 31 July each year up to 31 January 2011, with each distribution ranking ahead of the ordinary shares.		
Share premium	246.4	825.1
Treasury shares	(1 150.0)	(1 215.2)
27 369 195 ordinary shares held by the Nampak Black Management Share Trust	(323.9)	(348.6)
51 301 ordinary shares held by the Nampak 1979 Share Purchase Scheme	(0.3)	(0.3)
31 857 195 preferred ordinary shares held by Red Coral Investments 23 (Pty) Limited on behalf of broad-based participants in Nampak's Black Economic Empowerment Scheme	(290.5)	(290.5)
45 070 855 ordinary shares held by Nampak Products Limited	(535.3)	(575.8)
Share option reserve	292.0	277.8
Capital reserves	(611.6)	(112.3)

	2009 R million	2008 R million
14. CAPITAL AND RESERVES <i>(continued)</i>		
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	658 141 761	655 972 061
Ordinary shares allotted to employees other than directors in terms of the Nampak 1985 Share Option Scheme	1 122 329	2 169 700
Number of ordinary shares issued at end of year	659 264 090	658 141 761
Treasury shares	(72 491 351)	(72 491 351)
Net number of ordinary shares	586 772 739	585 650 410

Preferred ordinary shares

There were no changes to the 31 857 195 shares allotted to Red Coral Investments 23 (Pty) Limited.

Preference shares

There were no changes to the issued 6.5% and 6% preference shares.

Treasury shares

Treasury shares represent Nampak Limited shares held by group subsidiary companies.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hyperinflation capital adjustment

An entity whose functional currency is that of a hyperinflationary economy is required to restate its financial results so as to present a more comparable set of financial statements. The hyperinflation capital adjustment is used to show the hyperinflation effect on non-monetary reserves.

Financial instruments hedging reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions in terms of which risk of ownership has not yet passed.

Recognised actuarial losses

Actuarial losses comprise:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

The group policy is to recognise all actuarial losses in the period in which they occur in equity.

Share of non-distributable reserves in associates

Non-distributable reserves in associates arise out of associate companies being equity accounted. These reserves are not available for distribution by way of dividends.

Available-for-sale financial assets revaluation reserve

The available-for-sale financial assets revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

Minority interest

Minority interest represents the value of the remaining ownership in the subsidiary investments that are not wholly owned by the group.

Notes to the group financial statements continued

For the year ended 30 September 2009

			2009 R million	2008 R million
15. LOANS AND BORROWINGS				
	Redeemable/ repayable	Year-end interest rates		
Secured loans ¹				
– local	2010 – 2016	9.4%	1 351.8	1 000.0
– foreign	2010 – 2011	2.5% to 17.7%	255.4	350.5
Unsecured loans				
– local	2011 – 2015	8.5% to 10.5%	255.7	178.1
– foreign	2010 – 2011	4.0% to 8.9%	7.7	4.4
Capitalised finance leases ²				
– local	2010 – 2014	8.5% to 10.3%	32.8	33.7
– foreign	2010 – 2011	20.5%	13.8	1.9
Non-recourse debt ³				
– local	2010 – 2011	8.1% to 9.4%	257.4	265.6
			2 174.6	1 834.2
Less: instalments due for repayment within one year, reflected as current loans			53.1	93.1
Net non-current loans and borrowings			2 121.5	1 741.1
<p>¹ Loans and borrowings are secured by the following assets: R350.0 million debt is secured by property to the value of R563.0 million. R215.7 million (2008: R226.0 million) debt is secured by a guarantee issued by Nampak Holdings (UK) plc ("NHUK") and its subsidiaries. The facility is subject to covenants relating to interest cover, gearing and liquidity of the NHUK group. The NHUK group was well within the covenant requirements throughout the year under review. R1 389.7 million (2008: R1 124.7 million) debt is secured by guarantees issued by Nampak Limited. R1 000.0 million of this facility is subject to covenants relating to interest cover, gearing and liquidity of the Nampak Limited group. The Nampak Limited group was well within the covenant requirements throughout the year under review. No liabilities have been recognised for the outstanding guarantees.</p> <p>² Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments. Interest rates are fixed at the contract date. The fair value of the group's lease obligations approximates the carrying amount.</p> <p>³ The non-recourse debt relates to the preference share funding obtained by Red Coral Investments 23 (Pty) Limited to fund the purchase of preferred ordinary shares in Nampak Limited as part of the black economic empowerment transaction entered into in 2005. There is no recourse to Nampak Limited or any of its subsidiaries in respect of these borrowings. The debt is subject to covenants based on the Nampak share price.</p>				
Current loans				
Current portion of loans			38.4	78.3
Current portion of finance leases			14.7	14.8
Short-term loans ¹			500.0	1 330.0
Commercial paper – unsecured ²			633.0	641.0
Bank overdrafts – unsecured			619.3	506.2
Total current loans and borrowings			1 805.4	2 570.3
Total loans and borrowings			3 926.9	4 311.4

¹ Short-term loans have repayment terms of between six and 10 months with interest rates ranging between 10.0% and 10.75% (2008: 13.0% and 14.8%) per annum.

² Terms and conditions of the commercial paper are set out in note 1.

15. LOANS AND BORROWINGS (continued)

Summary of borrowings by year of redemption or payment	Total	Local	Foreign
Total owing at 30 September 2009	2 174.6	1 897.7	276.9
	2010	24.0	29.1
	2011	258.1	240.0
Repayable during the year ending 30 September	2012	22.5	3.7
	2013	1 002.2	2.3
	2014 onwards	590.9	1.8

Included above are minimum lease payments due on capitalised finance leases by year of redemption or payment:

	Total	Local	Foreign
Total owing at 30 September 2009	46.6	32.8	13.8
	2010	13.4	1.3
Minimum lease payments repayable during the year ending 30 September	2011	10.4	4.8
	2012	6.6	3.7
	2013	2.1	2.4
	2014 onwards	0.3	1.6

The directors estimate the fair value of the group's borrowings by discounting their future cash flows at the market rate.

	2009 R million	2008 R million
16. OTHER NON-CURRENT LIABILITIES		
Fixed escalation operating lease accrual		
Operating lease liabilities	14.2	15.9
Less: Current portion	4.2	13.4
	10.0	2.5
Non-current portion of provisions (note 19)	26.5	68.6
Total other non-current liabilities	36.5	71.1

The operating leases relate to land and buildings with remaining terms from 2010 to 2014.

Notes to the group financial statements continued

For the year ended 30 September 2009

17. RETIREMENT BENEFIT INFORMATION

17.1 Defined contribution funds

Membership and costs for each fund are as follows:

	Country	Members		Contribution costs	
		2009	2008	2009 R million	2008 R million
Nampak Group Pension Fund	RSA	1 915	1 949	64.9	60.1
Nampak Provident Fund	RSA	8 040	8 046	99.7	88.2
Nampak (KPL) Provident Fund	RSA	381	436	8.9	9.0
Nampak Kenya Limited Provident Fund	Kenya	151	154	0.3	0.2
Nampak Kenya Limited Staff Pension and Life Assurance Scheme	Kenya	52	34	0.7	0.1
Nampak Nigeria plc Retirement Gratuity*	Nigeria	126	186	1.8	3.1
Nampak Nigeria plc Pension Funds*	Nigeria	256	220	0.5	0.5
Nampak Cartons Stakeholder Pension Plan	UK	204	213	4.4	4.7
Nampak Plastics Group Stakeholder Pension Plan	UK	183	187	3.2	3.4
M.Y. Group Stakeholder Pension Plan	UK	395	392	8.8	8.5
		11 703	11 817	193.2	177.8
External funds					
External funds	Europe	69	57	1.3	1.3
Industry funds	RSA	841	1 020	10.9	8.1
		910	1 077	12.2	9.4
Totals		12 613	12 894	205.4	187.2

*These schemes have not been disclosed previously.

17. RETIREMENT BENEFIT INFORMATION *(continued)*

17.2 Defined benefit funds

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Pension plans		Post-retirement medical
	South Africa	Europe	
2009			
Assumptions			
Discount rate	9.7%	5.5%	9.0%
Consumer price inflation (long-term)	5.0%	3.0%	6.2%
Expected return on funds' assets	9.7%	6.5%	9.0%
Rate of compensation increase	6.5%	3.9%	—
Pension increase	4.5%	2.9%	—
Rate of medical inflation	—	—	6.8%
Healthcare cost trend	—	—	6.8%
Membership data			
Total membership	36	2 961	4 400
Agreed employer contribution rate	18.5%	17.6%*	—
2008			
Assumptions			
Discount rate	9.1%	6.6%	8.8%
Consumer price inflation (long-term)	5.3%	3.4%	6.2%
Expected return on funds' assets	9.1%	7.1%	8.8%
Rate of compensation increase	6.8%	4.3%	—
Pension increase	5.3%	3.1%	—
Rate of medical inflation	—	—	6.7%
Healthcare cost trend	—	—	6.7%
Membership data			
Total membership	31	2 222	4 712
Agreed employer contribution rate	18.5%	14.7%*	—

*The employer contribution rate relates to the Nampak Pension Plan and the Nampak Staff Pension Plan. With effect from 31 March 2009 these plans were closed for future accruals. The M.Y. Group Pension Fund has a fixed contribution rate of £1.3 million per year.

Notes to the group financial statements continued

For the year ended 30 September 2009

17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	Pension plans		Post-retirement medical
	South Africa	Europe	
2009			
Equity instruments	62.5%	33.6%	—
Debt instruments	32.5%	36.4%	—
Insured pensioners' policy	—	11.8%	—
Property	5.0%	3.4%	—
Cash	—	3.6%	100.0%
Other	—	11.2%	—
2008			
Equity instruments	80.0%	30.3%	—
Debt instruments	20.0%	27.1%	—
Diversified growth fund	—	18.2%	—
Insured pensioners' policy	—	8.9%	—
Property	—	6.9%	—
Cash	—	3.7%	100.0%
Other	—	4.9%	—

The amounts recognised in the balance sheet are as follows:

	Pension funds		Post-retirement medical	Total
	South Africa R million	Europe R million	medical R million	R million
2009				
Valuation results				
Fair value of plan assets	(21.7)	(1 233.8)	(65.2)	(1 320.7)
Present value of benefit obligations	23.0	1 546.9	997.0	2 566.9
Net liability in the balance sheet	1.3	313.1	931.8	1 246.2
2008				
Valuation results				
Fair value of plan assets	(28.3)	(1 406.8)	(60.2)	(1 495.3)
Present value of benefit obligations	29.0	1 624.5	970.9	2 624.4
Net liability in the balance sheet	0.7	217.7	910.7	1 129.1

17. RETIREMENT BENEFIT INFORMATION *(continued)*

17.2 Defined benefit funds *(continued)*

The amounts recognised in the income statement are as follows:

	Pension funds		Post-retirement	Total
	South Africa R million	Europe R million	medical R million	
2009				
Current service cost	1.0	3.5	14.9	19.4
Interest cost	2.1	99.2	84.1	185.4
Expected return on plan assets	(2.1)	(84.7)	(5.0)	(91.8)
Total	1.0	18.0	94.0	113.0
Actual return on plan assets	4.6	83.8	6.8	95.2
Net actuarial loss/(gain) taken to equity	0.5	208.5	(21.1)	187.9
2008				
Current service cost	1.1	9.0	15.0	25.1
Interest cost	3.3	97.8	69.5	170.6
Expected return on plan assets	(3.2)	(103.3)	(35.7)	(142.2)
Total	1.2	3.5	48.8	53.5
Actual return on plan assets	(5.2)	(147.0)	64.5	(87.7)
Net actuarial (gain)/loss taken to equity	(2.1)	97.0	152.5	247.4
Changes in the fair value of plan assets are as follows:				
At 1 October 2007	33.7	1 440.8	366.5	1 841.0
Expected return	3.2	103.3	35.7	142.2
Actuarial (losses)/gains	(8.4)	(250.3)	28.8	(229.9)
Contributions by employers	1.2	72.7	—	73.9
Cash received on cancellation of policy*	—	—	(366.5)	(366.5)
Contributions by members	0.4	1.2	—	1.6
Translation difference on foreign plans	—	89.7	—	89.7
Benefits paid	(1.8)	(50.6)	(4.3)	(56.7)
At 30 September 2008	28.3	1 406.8	60.2	1 495.3
Expected return	2.1	84.7	5.0	91.8
Actuarial gains/(losses)	2.5	(0.9)	1.8	3.4
Contributions by employers	0.9	69.4	—	70.3
Contributions by members	—	0.5	—	0.5
Translation difference on foreign plans	—	(286.4)	—	(286.4)
Benefits paid	(12.1)	(40.3)	(1.8)	(54.2)
At 30 September 2009	21.7	1 233.8	65.2	1 320.7

*In the prior financial year the insurance policy against the post-retirement medical aid liability of Nampak was cancelled as per the settlement agreement with the South African Revenue Service. Nampak still has an obligation to settle the liability for those employees entitled to the post-retirement medical aid benefits.

Notes to the group financial statements continued

For the year ended 30 September 2009

17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

Changes in the present value of the defined benefit obligation are as follows:

	Pension funds		Post-retirement	Total
	South Africa R million	Europe R million	medical R million	
At 1 October 2007	36.5	1 618.5	751.1	2 406.1
Service cost	1.1	9.0	15.0	25.1
Interest cost	3.3	97.8	69.5	170.6
Actuarial (gains)/losses	(10.5)	(153.3)	181.3	17.5
Contributions by members	0.4	1.2	—	1.6
Translation difference on foreign plans	—	101.9	—	101.9
Benefits paid	(1.8)	(50.6)	(46.0)	(98.4)
At 30 September 2008	29.0	1 624.5	970.9	2 624.4
Service cost	1.0	3.5	14.9	19.4
Interest cost	2.1	99.2	84.1	185.4
Actuarial losses/(gains)	3.0	207.6	(19.3)	191.3
Contributions by members	—	0.5	—	0.5
Translation difference on foreign plans	—	(348.1)	—	(348.1)
Benefits paid	(12.1)	(40.3)	(53.6)	(106.0)
At 30 September 2009	23.0	1 546.9	997.0	2 566.9
Expected contributions to defined benefit plans in 2010	—	50.9	—	50.9

The total unfunded pension liability is R1.4 million (2008: R0.7 million) and the unfunded post-retirement medical liability is R950.9 million (2008: R928.9 million).

The history of the plans for the current and prior years is as follows:

	Defined benefit pension plans				
	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Fair value of plan assets	1 255.5	1 435.1	1 474.5	1 432.6	997.8
Present value of benefit obligations	(1 569.9)	(1 653.5)	(1 655.0)	(1 813.9)	(1 238.7)
Deficit	(314.4)	(218.4)	(180.5)	(381.3)	(240.9)
Experience adjustments on plan liabilities	(5.4%)	2.9%	—	(0.1%)	1.3%
Experience adjustments on plan assets	(0.2%)	(17.2%)	5.6%	4.4%	11.8%
	Post-retirement medical				
	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Fair value of plan assets	65.2	60.2	366.5	396.8	339.3
Present value of benefit obligations	(997.0)	(970.9)	(751.1)	(737.4)	(639.1)
Deficit	(931.8)	(910.7)	(384.6)	(340.6)	(299.8)
Experience adjustments on plan liabilities	0.2%	(2.8%)	2.7%	(14.3%)	3.0%
Experience adjustments on plan assets	7.4%	(5.4%)	(4.1%)	2.2%	2.7%

17. RETIREMENT BENEFIT INFORMATION *(continued)*

17.2 Defined benefit funds *(continued)*

Post-retirement medical plans

Assumed healthcare cost trends have a significant effect on the amounts recognised in the income statement. The effect of a one percentage point change in assumed healthcare cost trend rates would be as follows:

	One % point increase R million	One % point decrease R million
Effect on aggregate of the service costs and interest cost	118.5	87.4
Effect on defined benefit obligation	1 158.6	878.8

The statutory actuarial valuations of the defined benefit funds are as follows:	Valuation date	Fair value of assets R million	Fair value of liabilities R million	Valuation basis
Nampak Group Pension Fund	29/02/2007	23.8	22.3	AA
Nampak plc Pension Plan	05/04/2007	514.6	620.9	MFR
Nampak plc Staff Pension Plan	05/04/2007	381.3	473.5	MFR
M.Y. Group Stakeholder Pension Plan	05/04/2007	530.2	591.2	MFR
Nampak Post-Retirement Medical Aid Fund	30/09/2009	—	957.3	PUC
Malbak Post-Retirement Medical Aid Fund	30/09/2009	65.2	46.0	PUC

AA: attained age MFR: minimum funding requirements PUC: projected unit credit

The latest actuarial valuations in respect of the defined benefit pension funds found them in sound financial condition. In arriving at their findings, the actuaries have taken into account reasonable long-term estimates of inflation, future increases in wages, salaries and pensions, and sustainable investment returns. Funds denominated in foreign currency have been translated at the rate ruling on balance sheet date.

The valuations listed above are not necessarily the valuations used in determining the surplus or obligation recognised on the balance sheet.

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million	2008 R million
18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables	1 521.1	1 690.2
Accruals	1 364.2	1 460.1
Derivative financial instruments (note 1)	35.4	17.1
Cash-settled share-based payments	0.4	0.3
Other	270.0	109.7
Total	3 191.1	3 277.4

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amounts of trade payables and other current liabilities approximate their fair values.

	Unbundling R million	Restruc- turing R million	Customer claims R million	Decom- missioning costs R million	Other R million	Total R million
19. PROVISIONS						
At 1 October 2007	43.7	16.1	5.4	4.2	—	69.4
Additions	—	67.7	5.3	2.2	66.7	141.9
Usage	—	(7.3)	(2.4)	—	—	(9.7)
Reversals	(43.7)	—	(4.7)	(0.6)	—	(49.0)
Translation differences	—	2.3	—	0.5	1.6	4.4
Other	—	(1.7)	0.2	2.2	—	0.7
At 30 September 2008	—	77.1	3.8	8.5	68.3	157.7
Additions	—	45.7	35.2	0.4	13.5	94.8
Usage	—	(37.9)	(2.6)	(2.4)	(30.7)	(73.6)
Reversals	—	(4.8)	(1.2)	(1.6)	(23.0)	(30.6)
Translation differences	—	(1.9)	0.1	(1.1)	(1.1)	(4.0)
Other	—	2.4	—	0.1	(4.4)	(1.9)
At 30 September 2009	—	80.6	35.3	3.9	22.6	142.4

	2009 R million	2008 R million
Analysed as:		
Current	115.9	89.1
Non-current (note 16)	26.5	68.6
	142.4	157.7

19. PROVISIONS (continued)

Unbundling

These provisions relate to potential liabilities identified when the Malbak group unbundled its non-packaging business to shareholders. The provision was released in the prior year.

Restructuring

Provisions for restructuring are recognised when the group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditures which are necessarily entailed by the restructuring and are not associated with the ongoing activities of the group.

Customer claims

Amounts expected to be payable under customer claims in respect of packaging already supplied. The provision is based on historical customer claims data and a weighting of all possible outcomes against their associated probabilities.

Decommissioning costs

Decommissioning costs are provided when there is a legal or environmental obligation for the group to restore the site.

Other

These provisions mainly relate to a provision in the Plastics UK business for a legal claim made by a supplier for breach of contract.

Other than the decommissioning costs and the provision above, the provisions are expected to be utilised in the next 12 months.

	2009 R million	2008 R million
20. REVENUE		
Sale of goods	19 469.5	18 390.1
Rendering of services	16.9	20.1
Other	99.2	47.3
	19 585.6	18 457.5
21. PROFIT FROM OPERATIONS		
Profit from operations is stated after taking into account the following items:		
21.1 Cost of goods sold	14 593.5	14 023.0
21.2 Included in employee benefit expense		
Retrenchment costs	94.3	59.0
Defined benefit plan expense	113.0	53.5
Share-based payment expense/(reversal) on BEE transaction	18.0	(12.8)
Other share-based payment (reversal)/expenses	(0.8)	5.1
21.3 Depreciation and amortisation consists of:		
Investment properties	2.0	0.1
Freehold and leasehold buildings	28.4	27.2
Plant, equipment and vehicles	698.9	646.7
Intangible assets	82.0	76.9
	811.3	750.9

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million	2008 R million
21. PROFIT FROM OPERATIONS <i>(continued)</i>		
21.4 Included in other operating expenses and income		
Auditors' remuneration		
Audit fees	22.6	20.7
Expenses	0.9	0.9
Tax services	2.4	5.6
Other services	3.6	3.3
	29.5	30.5
The following amounts paid to auditors for other services were capitalised during the year:		
ERP support	4.9	9.8
	4.9	9.8
Selling expenses	89.9	50.0
Distribution expenses	941.4	937.5
Impairments		
Freehold and leasehold buildings	—	4.4
Plant and equipment	298.5	14.6
Assets classified as held for sale	52.0	12.5
Intangible assets	34.5	4.8
Loans to minority shareholders	36.9	—
Goodwill	4.6	568.9
Other investments	0.7	0.3
	427.2	605.5
Reversal of impairment losses on plant and equipment	(0.5)	(3.8)
Administration and technical fees	22.4	20.7
Rentals in respect of operating leases		
Property	122.6	116.3
Plant, equipment and vehicles	12.5	7.6
Total	135.1	123.9

	2009 R million	2008 R million
21. PROFIT FROM OPERATIONS <i>(continued)</i>		
21.4 Included in other operating expenses and income <i>(continued)</i>		
Research and development expenditure	29.9	27.3
Profit on disposal of businesses	(26.7)	(5.4)
Restructuring costs	12.7	35.4
Government grants received	(1.6)	(1.3)
Net loss/(profit) on foreign exchange	17.9	(76.5)
Financial instruments fair value loss/(gain)	54.1	(25.6)
Transfer from equity on cash flow hedges	—	0.1
Cash flow hedge ineffectiveness	0.6	0.5
Net profit on disposal of property	(1.8)	(19.5)
Net loss on disposal of plant and equipment	32.0	5.2
Net loss on disposal of intangible assets	2.8	—
Loss resulting from Thorpe fire	—	50.8
Insurance proceeds from Thorpe fire	(18.9)	(161.0)
Net onerous lease provisions (reversed)/raised	(26.1)	64.7
21.5 Directors' emoluments		
<i>Executive directors</i>		
For managerial services	27.2	17.9
Retirement fund contributions for managerial services	0.5	0.6
Total (a)	27.7	18.5
<i>Non-executive directors</i>		
For services as directors	3.1	2.7
Total (b)	3.1	2.7
<i>Paid by:</i>		
Company	29.2	10.2
Subsidiary companies	1.6	10.9
Total (a) + (b)	30.8	21.1
Other remuneration not included in other operating expenses: Gains made under the share schemes	0.5	6.7

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million	2008 R million
22. SHARE-BASED PAYMENTS		
All share schemes are classified as equity-settled schemes.		
Share-based payment expenses recognised		
On BEE transaction:		
Black Management Trust	18.0	(12.8)
On other share plans:	(0.8)	5.1
Performance Share Plan	2.2	2.7
Share Appreciation Plan	(3.1)	2.2
1985 Share Option Scheme	0.1	0.2
Total	17.2	(7.7)

BEE TRANSACTION

Black Management Trust ("BMT")

Overview

During 2005 the group issued 27 369 195 ordinary shares to the BMT as part of its black economic empowerment ("BEE") transaction at a market value of R15,13 per share. The remuneration and nominations committee is responsible for allocating rights to the BMT shares to participants. Participation in the BMT is open to all the group's current and future black managers in South Africa.

In the current financial year the BMT expense was calculated as follows:

- The vesting period for all shares in the BMT is five years from the day of the initial transaction amortising the expense evenly over the vesting period.
- Future attrition rates have been kept constant with the previous year's estimation as the attrition levels for the current year have not changed significantly.

22. SHARE-BASED PAYMENTS *(continued)*

Black Management Trust ("BMT") *(continued)*

Vesting conditions

The trust deed indicates that a 'permitted employee event' is when death, disablement, retirement or retrenchment occurs in relation to a beneficiary. All other terminations are regarded as 'non-permitted employee events'.

In the case of a permitted employee event, if the termination date due to such an event occurs after 30 September 2006 but on or before 30 September 2008, 1.4% of the beneficiaries' shares will vest for each completed month of employment between 30 September 2006 and the termination date.

Beneficiaries who cease to be employed by the Nampak group through a non-permitted employee event between the initial allocation and 30 September 2010 will forfeit all their rights under the BMT.

In the case of a permitted employee event, all rights under the BMT would be forfeited if the termination date occurred before 30 September 2008. If the termination date occurs between 30 September 2008 and 30 September 2010, rights will be proportionately forfeited so that after 30 September 2010 the beneficiary will be entitled to receive full rights under the BMT.

In the event of death or disability of a beneficiary, the total number of shares vested will be calculated by means of a predetermined formula. This benefit will be paid out in cash and is therefore treated as a cash-settled benefit.

Beneficiaries may not dispose of their rights until the end of a 10-year lock-in period on 31 December 2015.

Notes to the group financial statements continued

For the year ended 30 September 2009

22. SHARE-BASED PAYMENTS *(continued)*

Details of the share grants outstanding during the year is as follows:

2009

Allocation date	1 April 2009	1 October 2008	31 March 2008
Outstanding at beginning of year	—	—	3 805 000
Granted during the year	2 618 327	1 089 816	—
Retirements during the year	(6 667)	(10 000)	—
Resignations during the year	(246 666)	(60 000)	(332 360)
Outstanding at end of year	2 364 994	1 019 816	3 472 640

2008

Allocation date	31 March 2008
Outstanding at beginning of year	—
Granted during the year	3 995 000
Deaths during the year	—
Retirements during the year	—
Resignations during the year	(190 000)
Outstanding at end of year	3 805 000

¹ Allocation letters for these allocations were issued after year-end, therefore the expense relating to 30 September allocations was recognised in the following financial year.

The calculated fair values and significant inputs into the valuation models were as follows:

2009

Allocation date	1 April 2009	1 October 2008	31 March 2008
Weighted average exercise price ¹	17.8	17.5	16.6
Weighted average fair value	1.32	2.13	4.3
Expected volatility ²	28.23%	26.74%	33.43%

2008

Allocation date	31 March 2008
Weighted average exercise price ¹	16.6
Weighted average fair value	4.3
Expected volatility ²	33.43%

¹These numbers were the starting points for the calculation of the exercise prices used in the model. The exercise prices will fluctuate depending on deemed interest accrued at 85% of the prime interest rate and dividends paid to the trust.

²Volatility was calculated using the Exponentially Weighted Moving Average (EWMA) methodology. This approach estimates the volatility by applying more weight to recent data.

The risk-free rate used in the model was sourced from the Bond Exchange of South Africa. The ZAR zero coupon swap curve as at each valuation was used. A dividend yield of 4.5% was used in the model. The scheme has an expected life of 10 years.

The fair value of rights allocated was calculated using a Monte Carlo simulation, and this expense is being amortised over the vesting period of the shares.

30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
1 255 000	1 980 000	1 305 000	870 000	755 000	10 660 000
—	—	—	—	—	—
—	—	—	—	—	(103 333)
(555 000)	(95 000)	(94 523)	(330 000)	(91 600)	(1 017 437)
700 000	1 885 000	1 210 477	540 000	663 400	9 539 230

30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
—	2 390 000	1 875 000	1 500 000	1 060 000	13 270 000
1 425 000	—	—	—	—	—
—	—	—	—	—	(75 000)
—	—	—	—	(30 000)	(205 000)
(170 000)	(410 000)	(570 000)	(630 000)	(275 000)	(2 330 000)
1 255 000	1 980 000	1 305 000	870 000	755 000	10 660 000

30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
16.4	16.3	15.9	15.7	15.3	15.4
7.7	6.7	7.2	4.5	3.7	2.6
31.40%	25.50%	26.20%	25.00%	24.70%	23.50%

30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
16.4	16.3	15.9	15.7	15.3	15.4
7.7	6.7	7.2	4.5	3.7	2.6
31.40%	25.50%	26.20%	25.00%	24.70%	23.50%

Notes to the group financial statements continued

For the year ended 30 September 2009

22. SHARE-BASED PAYMENTS *(continued)*

Other Share Plans

Performance Share Plan and Share Appreciation Plan

Overview

During July 2006 the group adopted two share-based payment plans, namely the Performance Share Plan ("PSP") and the Share Appreciation Plan ("SAP").

Participation in the Performance Share Plan is restricted to senior executives and executive directors, while participation in the Share Appreciation Plan is restricted to senior management and executive directors. Participation in both plans is subject to approval by the remuneration and nominations committee.

Both the PSP and SAP allocations are allocated on condition that certain performance criteria will be satisfied during the specific performance period for the allocation concerned.

Nampak 1985 Share Option Scheme ("The Option Scheme")

Overview

The Option Scheme has been discontinued.

Participants who cease to be employed by the Nampak group, other than through retirement, within the first three years after the allocation of such rights, will forfeit all their rights in the Option Scheme. Between the third and the fifth year of the grant, such rights will be proportionately forfeited so that after five years the beneficiary will be entitled to receive full rights under the Option Scheme.

Vesting conditions

A summary of the PSP and SAP is tabled below, detailing the various allocations as well as the performance criteria to be met during the performance period:

Allocation date	Performance period
Performance Share Plan	
1 July 2006	01/04/2006 – 31/03/2009
10 December 2007	01/10/2007 – 30/09/2010
10 December 2008	01/10/2008 – 30/09/2011
Share Appreciation Plan	
1 July 2006	01/04/2006 – 31/03/2009
10 December 2007	01/10/2007 – 30/09/2010
10 December 2008	01/10/2008 – 30/09/2011

Notes:

¹The total shareholder return (TSR) criteria are based on Nampak's TSR compared to the TSR of constituent companies of the ALSI 40, excluding mining and resource companies.

²The non-market condition is based on an improvement in Nampak's annual headline earnings per share relative to the cumulative CPI within the performance period.

For both the second and third allocations of the Performance Share Plan, 50% of shares will be subject to the TSR condition and 50% will be subject to the headline earnings per share condition.

Performance below the threshold performance criteria will result in no shares/share appreciation rights vesting. If the target performance criteria is met, 100% of the shares/share appreciation rights will vest proportionately between the third and fifth year of the grant so that after five years the participants will be entitled to receive full rights under the scheme.

If a participant ceases to be employed by Nampak due to death, retirement or disability, the number of shares/share appreciation rights capable of vesting will not be forfeited, however, they will be adjusted according to the lesser of the date of termination and 36 months. Termination of employment other than listed above prior to the expiry of three years from the allocation date will forfeit their allocated shares/share appreciation rights. Termination of employment after the expiry of the three years from allocation date will result in shares/share appreciation rights vesting proportionately between the third and fifth year from the allocation date.

TSR criteria ¹		HEPS condition ²		Vesting		
Ranking compared to ALSI 40 constituent companies		Non-market condition		Performance below threshold	Performance below target criteria above threshold	Performance at or above target criteria
Threshold	Target	Threshold	Target	criteria		
25	1	—	CPI + 2%	No vesting	No vesting	100%
25	1	CPI + 15%	CPI + 45%	No vesting	Proportional vesting	100%
25	1	CPI + 9%	CPI + 24%	No vesting	Proportional vesting	100%
—	—	CPI + 2%	CPI + 6%	No vesting	Proportional vesting	100%
—	—	—	CPI + 6%	No vesting	No vesting	100%
—	—	—	CPI + 6%	No vesting	No vesting	100%

Notes to the group financial statements continued

For the year ended 30 September 2009

22. SHARE-BASED PAYMENTS *(continued)*

Details of the share grants/share rights/share options outstanding during the year are as follows:

	Performance Share Plan Share grants		
	1 July 2006	10 December 2007	10 December 2008
	Number of awards	Number of awards	Number of awards
2009			
Outstanding at beginning of year	1 112 639	1 239 795	—
Granted during the year	—	—	1 840 883
Forfeited during the year	(60 972)	(381 202)	(336 545)
Retirements during the year	(27 083)	(27 980)	(106 284)
Exercised during the year	(135 150)	—	—
Lapsed during the year as a result of non-market condition	(279 047)	—	—
Lapsed during the year as a result of market conditions	(279 047)	—	—
Outstanding at end of year	331 340	830 613	1 398 054
Exercisable at end of year	20 347	—	—
Share grants/rights outstanding at the end of the year have the following expiry dates:			
Expiry date – year ending 30 September			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			

1 July 2006		Share Appreciation Plan Share rights 10 December 2007		10 December 2008		1985 Share Option Scheme Share options Allocations after 7 November 2002	
Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price
2 319 667	17.08	3 042 421	22.10	—	—	3 271 300	13.32
—	—	—	—	3 095 218	12.60	—	—
(1 117 500)	17.07	(1 65 699)	22.10	(233 077)	12.60	(449 000)	13.65
(8 444)	17.07	(247 459)	22.10	(49 784)	12.60	—	—
—	—	—	—	—	—	(192 100)	12.34
(1 107 531)	17.07	—	—	—	—	—	—
1 086 192	17.08	2 629 263	22.10	2 812 357	12.60	2 630 200	13.35
362 064	—	—	—	—	—	2 630 200	—
—	—	—	—	—	—	108 200	—
—	—	—	—	—	—	1 538 700	—
—	—	—	—	—	—	983 300	—
—	—	—	—	—	—	—	—
362 064	—	—	—	—	—	—	—
362 064	—	876 421	—	—	—	—	—
362 064	—	876 421	—	937 452	—	—	—
—	—	876 421	—	937 452	—	—	—
—	—	—	—	937 452	—	—	—

Notes to the group financial statements *continued*

For the year ended 30 September 2009

22. SHARE-BASED PAYMENTS *(continued)*

	Performance Share Plan Share grants		
	1 July 2006	10 December 2007	10 December 2008
	Number of awards	Number of awards	Number of awards
2008			
Outstanding at beginning of year	1 295 000	—	—
Granted during the year	—	1 530 928	—
Forfeited during the year	(130 000)	(167 148)	—
Retirements during the year	(52 361)	(123 985)	—
Exercised during the year	—	—	—
Outstanding at end of year	1 112 639	1 239 795	—
Exercisable at end of year	—	—	—
Share grants/rights outstanding at the end of the year have the following expiry dates:			
Expiry date – year ending 30 September			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			

For the PSP the fair value of the performance shares allocated was calculated using the Binomial Tree methodology. At the end of the financial year ending 30 September 2009 it is expected that only the performance criterion relating to the TSR condition will be met. The TSR market condition has been built into the fair market value of the shares allocated and has been expensed for the financial year ending 30 September 2009.

For the SAP the fair value of the share rights allocated was calculated using the Black-Scholes framework. An early exercise factor of 2 was estimated at the time of performing the valuation; this was determined per grade by reviewing the historic exercise behaviour of participants of the old Nampak share scheme as a ratio of exercise price to grant price. This expense should be amortised over the vesting period of the shares, however, at the end of the financial year ending 30 September 2009 it is not expected that the performance criterion will be met and no expense was recognised in the current year.

1 July 2006		Share Appreciation Plan Share rights		10 December 2008		1985 Share Option Scheme Share options	
Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price
2 725 500	17.07	—	—	—	—	4 126 100	13.33
—	—	3 469 171	—	—	—	—	—
(390 500)	17.07	(331 989)	—	—	—	(415 100)	13.68
(15 333)	17.07	(94 761)	—	—	—	—	13.07
—	—	—	—	—	—	(439 700)	—
2 319 667	17.08	3 042 421	—	—	—	3 271 300	13.32
—	—	—	—	—	—	3 271 300	13.32
—	—	—	—	—	—	108 200	—
—	—	—	—	—	—	1 954 800	—
—	—	—	—	—	—	1 208 300	—
—	—	—	—	—	—	—	—
773 222	—	—	—	—	—	—	—
773 222	—	1 014 140	—	—	—	—	—
773 222	—	1 014 140	—	—	—	—	—
—	—	1 014 140	—	—	—	—	—
—	—	—	—	—	—	—	—

Notes to the group financial statements continued

For the year ended 30 September 2009

22. SHARE-BASED PAYMENTS *(continued)*

The calculated fair values and significant inputs into the valuation models were as follows:

	PSP allocations			SAP allocations			The Option Scheme
	1 July 2006	10 December 2007	10 December 2008	1 July 2006	10 December 2007	10 December 2008	
Weighted average exercise price	—	—	—	17.1	22.1	12.6	13.3
Weighted average fair value	6.95	— ¹	5.51	6.89	5.01 ²	4.87 ²	5.25
Expected volatility	37.1%	24.4%	26.0%	37.1%	26.0%	34.0%	23.4%
Expected life	5 years	5 years	5 years	5 years	10 years	10 years	10 years
Remaining life	1.7 years	3.2 years	4.2 years	1.7 years	8.2 years	9.8 years	4.1 years
Risk-free rate	7.1%	8.6%	8.8%	7.1%	7.8%	8.8%	8.3%
Expected dividend yield	5.6%	4.2%	4.5%	5.6%	7.2%	4.5%	3.2%

¹Value of the TSR condition is R10.63.

²The fair value was determined by calculating a weighted average of the fair values per grade.

Expected volatility was determined with reference to historical volatility. The expected useful life used in the model has been adjusted, based on management's best estimate, for the effects of forfeitures, exercise restrictions and behavioural considerations.

	2009 R million	2008 R million
23. FINANCE COSTS		
Interest paid – short-term facilities	438.2	412.7
Interest paid – long-term facilities	35.8	47.1
Interest paid – other	3.7	0.2
Less: Interest capitalised	(36.0)	(59.4)
	441.7	400.6
Borrowing costs included in the cost of qualifying assets are calculated by applying a capitalisation rate of 11.5% (2008: 12.7%) to expenditure on those assets.		
24. FINANCE INCOME		
Interest received – short-term facilities	56.3	86.0
Interest received – joint ventures	34.4	30.7
Interest received – other	23.1	18.5
	113.8	135.2
25. INCOME FROM INVESTMENTS		
Normal dividends – South African	5.5	5.1
26. INCOME TAX		
Current tax		
– Current year	391.7	364.5
– Prior year	(27.2)	35.6
– Capital gains tax	—	(0.3)
Deferred tax		
– Current year	(311.5)	(48.0)
– Prior year	7.2	(138.7)
– Change in tax rate	—	(17.1)
– Capital gains tax	(0.1)	—
– Secondary tax on companies	—	0.4
Secondary tax on companies	6.6	2.9
Withholding and foreign tax	3.5	3.1
Total	70.2	202.4

The company tax rate in South Africa is 28% (2008: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions.

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million %	2008 R million %
26. INCOME TAX <i>(continued)</i>		
Reconciliation of rate of tax		
Effective group rate of tax	25.8	29.0
Reduction in tax charge due to:		
– dividend income	0.6	–
– exempt income (including capital profits)	1.2	3.4
– government incentives	11.4	4.5
– deferred tax assets created	10.4	–
– adjustment for prior year	7.3	14.8
– tax rate reduction	–	2.5
– tax rate differential	6.7	3.6
Increase in tax rate due to:		
– deferred taxation not recognised	(7.0)	(1.2)
– capital gains tax	(0.4)	–
– disallowable expenses	(16.1)	(4.1)
– disallowed impairments	(5.4)	(23.6)
– imputed income – section 9D	(1.0)	(0.1)
– secondary tax on companies	(2.4)	(0.5)
– share-based payment expense	(1.8)	0.1
– withholding taxes	(1.3)	(0.4)
Normal tax rate	28.0	28.0
In addition to the income tax expense charge to profit or loss, a deferred tax credit of R52.6 million (2008: R65.5 million) credit has been recognised in equity during the year.		
27. DIVIDENDS AND CASH DISTRIBUTIONS		
Cash distributions from share premium		
Final cash distribution No 6 paid on 19 January 2009: 72.0 cents per share (2008: No 4 – 82.3 cents per share)	473.9	540.7
Interim cash distribution No 7 paid on 13 July 2009: 18.0 cents per share (2008: No 5 – 28.0 cents per share)	118.4	184.1
Cash distribution attributable to treasury shares	(65.2)	(80.0)
Net cash distribution	527.1	644.8
Other dividends	1.7	1.7
Total dividends and cash distributions	528.8	646.5
Secondary tax on companies ("STC") on dividends	10.0%	10.0%
On 23 November 2009 the directors declared a dividend No 75 of 24.0 cents per share, payable on 18 January 2010 to shareholders registered on 15 January 2010. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements.		
	Cents	Cents
Analysis of cash distributions/dividends declared in respect of the current year's earnings:		
Cash distributions/dividends per ordinary share		
Interim	18.0	28.0
Final	24.0	72.0
	42.0	100.0
6.5% and 6% cumulative preference dividends		
Preference dividends totalling R0.1 million (2008: R0.1 million) were declared on 21 November 2008 and 25 June 2009, and paid on 2 February 2009 and 3 August 2009 respectively.		

	2009 R million	2008 R million
28. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE		
The calculation of basic earnings per ordinary share is based on earnings of R204.7 million (2008: R516.0 million) and the weighted average of 585 857 922 (2008: 585 301 286) ordinary shares in issue during the year.		
The calculation of fully diluted earnings per ordinary share is based on earnings of R227.7 million (2008: R539.7 million) and the weighted average of 602 185 412 (2008: 607 683 721) ordinary shares in issue during the year.		
Determination of basic earnings		
Net profit attributable to equity holders of the company	204.8	516.1
Less: Preference dividend	(0.1)	(0.1)
Basic earnings	204.7	516.0
Determination of diluted earnings		
Basic earnings	204.7	516.0
Dividend paid to preference share funders	23.0	23.7
Diluted earnings	227.7	539.7
Headline earnings per share		
Basic (cents per share)	83.8	177.3
Diluted (cents per share)	85.3	174.7

The calculation of headline earnings per ordinary share is based on earnings of R490.7 million (2008: R1 037.8 million) and the weighted average of 585 857 922 (2008: 585 301 286) ordinary shares in issue during the year.

The calculation of fully diluted headline earnings is based on earnings of R513.7 million (2008: R1 061.5 million) and the weighted average of 602 185 412 (2008: 607 683 721) ordinary shares in issue during the year.

Notes to the group financial statements continued

For the year ended 30 September 2009

	R million	R million
28. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE <i>(continued)</i>		
Determination of headline earnings 2009	Gross	Net
Basic earnings		204.7
Adjusted for:		
Net impairment losses on goodwill, plant, equipment and intangible assets	389.8	282.4
Net profit on disposal of businesses and other investments	(26.7)	(20.1)
Net profit on disposal of property, plant, equipment and intangible assets	33.0	23.7
Headline earnings		490.7
2008		
Basic earnings		516.0
Adjusted for:		
Net impairment losses on goodwill, plant, equipment and intangible assets	601.7	590.5
Net profit on disposal of businesses and other investments	(5.4)	(3.9)
Net profit on disposal of property, plant, equipment and intangible assets	(14.3)	(15.2)
Europe loss on assets destroyed in the Thorpe fire*	40.2	40.2
Europe insurance proceeds on fixed assets**	(125.2)	(89.8)
Headline earnings		1 037.8
*The total loss from the Thorpe fire in the prior year was R50.8 million of which R40.2 million related to fixed assets written off.		
**The total insurance proceeds in the prior year was R161.0 million of which R125.2 million related to proceeds on fixed assets.		
	2009 R million	2008 R million
Determination of diluted headline earnings		
Headline earnings	490.7	1 037.8
Dividend paid to preference share funders	23.0	23.7
Diluted headline earnings	513.7	1 061.5
Determination of diluted average shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	585 857 922	585 301 286
Effect of dilutive potential ordinary shares:		
Preferred ordinary shares issued to Red Coral Investments 23 (Pty) Limited	12 345 517	16 611 234
Other share incentive plans	3 981 973	5 771 201
Weighted average number of ordinary shares for the purpose of diluted earnings per share	602 185 412	607 683 721

	2009 R million	2008 R million
29. OPERATING LEASE COMMITMENTS		
The group has certain lease commitments in respect of land and buildings, plant, equipment and vehicles, which are payable as follows:		
Year ending 30 September		
2009	—	117.1
2010	100.4	101.4
2011	80.7	84.4
2012	75.7	69.0
2013	44.0	116.7
2014 and beyond	82.5	—
Total	383.3	488.6
<i>Comprising:</i>		
Land and buildings	299.6	411.8
Vehicles	26.6	10.2
Other	57.1	66.6
	383.3	488.6
30. CONTINGENT LIABILITIES		
Guarantees in respect of property leases	2.1	2.1
Customer claims and other	15.1	16.3
Total	17.2	18.4
Refer note 15 for guarantees on external borrowings.		
31. CAPITAL COMMITMENTS		
Capital commitments for acquisition of property, plant and equipment		
– contracted	357.0	420.1
– approved	236.0	767.6
Total	593.0	1 187.7
The group's share of capital commitments for property, plant and equipment of its jointly controlled entities is:	77.8	2.0

Notes to the group financial statements continued

For the year ended 30 September 2009

	2009 R million	2008 R million
32. RELATED-PARTY TRANSACTIONS		
Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions for these transactions are determined on an arm's length basis.		
Disclosure in respect of associates and joint ventures is provided in notes 6 and 7. Details of joint ventures and associates are detailed in Annexure A.		
Material related-party transactions were as follows:		
Sales and services rendered to related parties:		
Associates	43.2	22.8
Joint ventures	0.5	1.6
	43.7	24.4
Purchases and services received from related parties:		
Contributions to the Nampak Medical Aid Society in respect of current employees	80.0	75.4
Interest received from related parties:		
Joint ventures	34.4	30.7
Interest paid to related parties:		
Joint ventures	0.3	3.3
Joint-venture partner	26.6	24.1
	26.9	27.4
Amounts owing (after eliminating intercompany balances) by related parties are disclosed in the respective notes to the financial statements for those balance sheet items.		
Amounts receivable from related parties:		
Loans to joint ventures	260.2	182.3
Loans to minority shareholders	—	34.7
	260.2	217.0
Amounts payable to related parties:		
Loans from joint venture partner	240.8	163.2

Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly (executive or otherwise). Key management personnel have been defined as the board of directors of the holding company and the group executive committee.

32. RELATED-PARTY TRANSACTIONS *(continued)*

A number of key management personnel hold positions in related entities where they may have significant influence over the financial and operating policies of those entities. These relationships have been listed below:

Key management member	Entity	Position in entity
MM Katz ¹	Edward Nathan Sonnenbergs Inc	Executive chairman
RJ Khoza	Aka Capital (Pty) Limited ("Aka Capital")	Executive chairman
KM Mokoape ²	Nedbank Group Limited	Non-executive chairman
	Red Coral Investments 23 (Pty) Limited ("Red Coral")	Shareholder
ML Ndlovu ³	Red Coral	Shareholder
CWN Molope	Red Coral	Shareholder
MH Visser	Remgro Limited	Chief executive officer
TN Jacobs ⁴	Nampak Group Pension Fund	Employer trustee
	Nampak SA Medical Aid Scheme	Chairman audit committee
	Malbak Group Pension Fund	Employer trustee
FV Tshiqi	Nampak Group Pension Fund	Employer trustee
	Nampak SA Medical Aid Scheme	Employer trustee (Chairman)
LD Kidd	Nampak Group Pension Fund	Employer trustee
	Nampak plc Staff Pension Plan	Employer trustee (Chairman)
	Nampak plc Pension Plan	Employer trustee (Chairman)
	Malbalk Group Pension Fund	Employer trustee (Chairman)
NP O'Brien	Nampak Group Pension Fund	Employer trustee
RC Andersen	Sanlam Limited	Non-executive chairman
	Murray & Roberts Holdings Limited	Non-executive chairman
DA Hawton ¹	Woolworths Holdings Limited	Non-executive chairman

¹ Resigned on 29 July 2009.

² Resigned on 23 October 2009.

³ Resigned on 16 October 2009.

⁴ Resigned on 31 August 2009.

Transactions between the group and these entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Related-party transactions include:

- Except for the dividends paid to preferred ordinary shareholders in Red Coral, which have been eliminated at group level, there were no other transactions with Red Coral.
- Remgro Limited owns 11.3% of the issued shares in Nampak Limited through Industrial Partnership Investments Limited. The group transacts with several entities in the Remgro group of companies on an arm's length basis.
- In the prior year an amount of approximately R50 000 was paid to Edward Nathan Sonnenberg Inc for completion of an opinion relating to the BEE transaction concluded in 2005.

Certain directors of the group are also directors of other public companies which may transact with the group. Executive directors or the chairperson of such companies are assumed to have significant influence. Except as disclosed above, the relevant individuals do not believe that they have significant influence over the financial and operating policies of those companies.

Notes to the group financial statements continued

For the year ended 30 September 2009

32. RELATED-PARTY TRANSACTIONS *(continued)*

Compensation relating to key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2009 R million	2008 R million
Short-term employee benefits	61.6	53.1
Post-employment benefits	0.2	0.4
Termination benefits	19.0	16.4
Share-based payments	4.1	2.4
	84.9	72.3

The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends.

Shareholders

An analysis of major shareholders is provided on page 32.

	2009 R million	2008 R million
33. NOTES TO THE CASH FLOW STATEMENTS		
33.1 Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	272.3	697.7
Adjustment for:		
Depreciation and amortisation	811.3	750.9
Net loss/(profit) on disposal of businesses, property, plant, equipment and intangible assets	3.5	(19.7)
Financial instruments fair value adjustment	54.1	(25.6)
Cash flow hedge ineffectiveness	0.6	0.5
Transfer from equity on cash flow hedges	—	0.1
Income from investments	(5.5)	(5.1)
Net defined benefit plan expense	113.0	53.5
Impairment losses	427.2	605.5
Reversal of impairment losses	(0.5)	(3.8)
Share of loss/(profit) in associates	0.5	(8.7)
Share-based payments expense/(reversal)	17.2	(7.7)
Net finance costs	327.9	265.4
Operating profit before working capital changes	2 021.6	2 303.0
Increase in inventories	(172.7)	(205.6)
Decrease/(increase) in trade receivables and other current assets	203.6	(440.6)
Increase in trade payables and other current liabilities	167.5	486.5
Cash generated from operations	2 220.0	2 143.3

	2009 R million	2008 R million
33. NOTES TO THE CASH FLOW STATEMENTS <i>(continued)</i>		
33.2 Acquisition of business		
With effect from December 2008 the group acquired the entire equity of Storey Evans Holdings Limited.		
The fair values of assets acquired and liabilities assumed at that date are as follows:		
Non-current assets	36.5	—
Net working capital	(38.0)	—
Cash	0.3	
	(1.2)	—
Goodwill arising on acquisition	43.7	—
Total purchase consideration	42.5	—
Less: Cash acquired	(0.3)	—
	42.2	—
33.3 Disposal of businesses		
With effect from August 2009 the group disposed of the Flexpak Meadowbrook operation.		
In the prior year the group disposed of the rental hygiene business in Tissue.		
The fair values of assets and liabilities disposed of are as follows:		
Non-current assets	9.3	7.0
Net working capital	1.8	6.8
	11.1	13.8
Profit on disposal of businesses	26.7	5.4
Total disposal consideration	37.8	19.2
Less: Cash disposed	—	0.2
	37.8	19.0
33.4 Short-term loans and commercial paper		
The short-term loans and commercial paper are managed as part of the ongoing cash management of the group.		
33.5 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank balances, cash and deposits	1 016.1	1 727.9
Bank overdraft (note 15)	(619.3)	(506.2)
Net cash and cash equivalents included in non-current assets held for sale (note 13)	1.1	—
	397.9	1 221.7

Company balance sheet

at 30 September 2009

	Notes	2009 R million	2008 R million
ASSETS			
Non-current assets			
Investment in associate	1	9.4	9.3
Investment in subsidiaries	2	2 772.0	2 865.9
Other non-current financial assets	3	350.6	2 074.2
		3 132.0	4 949.4
Current assets			
Other receivables		2.9	5.8
Subsidiary companies	12	1 120.4	—
Bank balances, deposits and cash	4	411.3	157.5
		1 534.6	163.3
Total assets		4 666.6	5 112.7
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	35.6	35.5
Capital reserves	5	538.4	1 102.9
Other reserves		3.3	3.3
Retained earnings		3 356.7	3 227.1
Total equity		3 934.0	4 368.8
Current liabilities			
Other payables	6	6.4	7.2
Subsidiary companies	12	723.3	725.1
Tax liabilities		2.9	11.6
		732.6	743.9
Total equity and liabilities		4 666.6	5 112.7

Company income statement

for the year ended 30 September 2009

	Notes	2009 R million	2008 R million
Employee benefit expense		3.5	2.8
Other operating expenses		179.9	185.5
Other operating income		0.1	3.7
Loss from operations	7	(183.3)	(184.6)
Finance income	8	26.0	14.3
Income from investments	9	371.2	1 171.7
Share of profit/(loss) of associate	1	0.1	(2.0)
Profit before tax		214.0	999.4
Income tax expense	10	52.5	52.5
Profit for the year		161.5	946.9

Company statement of changes in equity

for the year ended 30 September 2009

	Attributable to equity holders of the company					
	Share capital R million	Share premium R million	Share option reserve R million	Share of non-distributable reserve in associates R million	Retained earnings R million	Total equity R million
At 1 October 2007	35.4	1 526.3	285.8	1.8	2 311.8	4 161.1
Employee share option scheme:						
– value of employee services	–	–	(8.0)	–	–	(8.0)
– proceeds from shares issued	0.1	23.6	–	–	–	23.7
Profit for the year	–	–	–	–	946.9	946.9
Dividends paid	–	–	–	–	(31.9)	(31.9)
Cash distribution from share premium	–	(724.8)	–	–	–	(724.8)
Share of non-distributable reserves in associate	–	–	–	1.8	–	1.8
Disposal of share in associate – transfer to distributable reserves	–	–	–	(0.3)	0.3	–
At 30 September 2008	35.5	825.1	277.8	3.3	3 227.1	4 368.8
Employee share option scheme:						
– value of employee services	–	–	17.2	–	–	17.2
– share grants exercised	–	–	(2.7)	–	–	(2.7)
– proceeds from shares issued	0.1	13.6	–	–	–	13.7
– share grants forfeited after vesting date	–	–	(0.3)	–	–	(0.3)
Profit for the year	–	–	–	–	161.5	161.5
Dividends paid	–	–	–	–	(31.9)	(31.9)
Cash distribution from share premium	–	(592.3)	–	–	–	(592.3)
At 30 September 2009	35.6	246.4	292.0	3.3	3 356.7	3 934.0

Company cash flow statement

for the year ended 30 September 2009

	Notes	2009 R million	2008 R million
Cash flows from operating activities			
Cash retained from/(utilised in) operations	13.1	528.3	(299.8)
Income from investments		371.2	1 171.7
Interest received		26.0	14.3
Income tax paid		(61.2)	(41.4)
Cash flows from operations			
Dividends paid		(31.9)	(31.9)
Cash distribution from share premium		(592.3)	(724.8)
Cash retained from operating activities			
		240.1	88.1
Cash flows from financing activities			
Capital proceeds from issue of shares		13.7	23.7
Cash retained from financing activities			
		13.7	23.7
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		157.5	45.7
Cash and cash equivalents at end of year	13.2	411.3	157.5

Notes to the company financial statements

for the year ended 30 September 2009

	2009 R million	2008 R million
1. INVESTMENT IN ASSOCIATE		
(Refer to Annexure A for details)		
Cost of investment in associate	3.3	3.3
Share of other post-acquisition reserves	3.3	3.3
Share of post-acquisition profit, net of dividend received	2.8	2.7
Opening balance	2.7	4.7
Share of current year profit/(loss)	0.1	(2.0)
	9.4	9.3
The group has obligations to losses from its associate to the extent of the value of the investment.		
Summarised financial information in respect of the company's associate is set out below:		
Revenue	86.0	67.4
Profit/(loss) for the year	0.3	(1.1)
Total assets	404.6	329.4
Total liabilities	376.1	301.1
Net assets	28.5	28.3
Company's share of associate's net assets	9.4	9.3
2. INVESTMENT IN SUBSIDIARIES		
(Refer to Annexure A for details)		
Interest in subsidiaries	3 880.3	3 926.3
Share-based payments contribution	65.7	48.8
Net amount due by subsidiaries ¹	310.8	310.8
Less: Impairment losses	(1 484.8)	(1 420.0)
Shares at cost less impairments	2 772.0	2 865.9
Directors' valuation	2 772.0	2 865.9
¹ The loans are interest free and have no fixed repayment terms.		
3. OTHER NON-CURRENT FINANCIAL ASSETS		
Grant to Nampak Black Management Trust	414.1	414.1
Nampak Products Limited	—	1 660.1
Less: Impairment losses	(63.5)	—
Total	350.6	2 074.2

The founding grant to the Nampak Black Management Trust does not bear interest and has no fixed repayment terms.

The loan to Nampak Products Limited bore interest at 8.77% and was not repayable before October 2009. During the year, however, this loan was reclassified to current and is now payable on demand.

	2009 R million	2008 R million
4. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	2.6	0.3
Short-term bank deposits	408.7	157.2
Total	411.3	157.5
5. CAPITAL AND RESERVES		
Share capital and premium		
Authorised:		
745 000 000 ordinary shares of 5 cents each	37.3	37.3
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 200 preferred ordinary shares of 5 cents each	1.6	1.6
100 redeemable preference shares of 5 cents each	—	—
Authorised share capital	39.9	39.9
Issued:		
659 264 090 (2008: 658 141 761) ordinary shares of 5 cents each	33.0	32.9
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 195 preferred ordinary shares of 5 cents each	1.6	1.6
Issued share capital	35.6	35.5
26 273 515 (2008: 26 683 812) ordinary shares have been set aside for employees' share schemes.		
The preferred ordinary shares will convert to ordinary shares on the earlier of 31 January 2011 or the date on which Red Coral Investments 23 (Proprietary) Limited is obliged to redeem all the preference shares issued to its financiers, upon an event of default, in accordance with the terms of the agreements between Red Coral and its financiers.		
The preferred ordinary shares will confer on the holders the right to receive a cumulative fixed annual dividend of 100 cents payable in equal instalments of 50 cents each on 31 January and 31 July each year up to 31 January 2011, with each distribution ranking ahead of the ordinary shares.		
Share premium	246.4	825.1
Share option reserve	292.0	277.8
Capital reserves	538.4	1 102.9

Notes to the company financial statements continued

for the year ended 30 September 2009

	2009 R million	2008 R million
5. CAPITAL AND RESERVES <i>(continued)</i>		
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	658 141 761	655 972 061
Ordinary shares allotted to employees other than directors in terms of the Nampak 1985 Share Option Scheme.	1 122 329	2 169 700
Number of ordinary shares issued at end of year	659 264 090	658 141 761
Preferred ordinary shares		
There were no changes to the 31 857 195 shares allotted to Red Coral Investments 23 (Proprietary) Limited.		
Preference shares		
There were no changes to the issued 6.5% and 6% preference shares.		
6. OTHER PAYABLES		
Accruals	6.3	7.1
Other	0.1	0.1
Total	6.4	7.2
Accruals principally comprise amounts outstanding for ongoing costs.		
The directors consider that the carrying amount of other payables approximates their fair value.		
7. LOSS FROM OPERATIONS		
Loss from operations is stated after taking into account the following item:		
Impairment loss on investments in subsidiaries and other non-current financial assets	172.4	182.5
Disclosures relating to share-based payments are provided in note 22 of the group financial statements. Where applicable, the current year expenses relating to share-based payments were charged to the appropriate subsidiary companies.		
8. FINANCE INCOME		
Interest received – current facilities	26.0	13.7
Interest received – other	—	0.6
	26.0	14.3
9. INCOME FROM INVESTMENTS		
Normal dividends – South African	240.0	1 000.5
Interest received from subsidiaries	126.0	167.3
Fees	5.2	3.9
	371.2	1 171.7

	2009 R million	2008 R million
10. INCOME TAX		
Current tax		
– Current year	46.1	52.9
– Prior year	(0.3)	(0.8)
Deferred tax		
– Secondary tax on companies	—	0.4
Secondary tax on companies	6.7	—
Total	52.5	52.5
The company tax rate in South Africa is 28% (2008: 28%) of the estimated assessable profit for the year.		
Reconciliation of rate of tax		
Effective company rate of tax	24.5	5.3
Reduction in tax charge due to:		
– dividend income	31.4	28.0
– adjustment for prior year	0.1	0.1
Increase in tax charge due to:		
– disallowable expenses	(23.7)	(5.3)
– amounts not credited to the income statement	(1.3)	—
– imputed income – section 9D	—	(0.1)
– secondary tax on companies	(3.0)	—
Normal tax rate	28.0	28.0
11. DIVIDENDS AND CASH DISTRIBUTIONS		
Dividends paid		
Preferred ordinary dividend	31.9	31.9
Total dividends paid	31.9	31.9
Cash distributions from share premium		
Final cash distribution No 6 paid on 19 January 2009: 72.0 cents per share (2008: No 4 – 82.3 cents per share)	473.9	540.7
Interim cash distribution No 7 paid on 13 July 2009: 18.0 cents per share (2008: No 5 – 28.0 cents per share)	118.4	184.1
Total dividends and cash distributions	592.3	724.8
Secondary tax on companies ("STC") on dividends	10.0%	10.0%

On 23 November 2009, the directors declared a dividend No 75 of 24.0 cents per share, payable on 18 January 2010 to shareholders registered on 15 January 2010. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements.

Notes to the company financial statements continued

for the year ended 30 September 2009

	2009 Cents	2008 Cents
11. DIVIDENDS AND CASH DISTRIBUTIONS <i>(continued)</i>		
Analysis of cash distributions/dividends declared in respect of current year's earnings:		
Cash distribution/dividend per ordinary share		
Interim	18.0	28.0
Final	24.0	72.0
	42.0	100.0
6.5% and 6% cumulative preference dividends		
Preference dividends totalling R0.1 million (2008: R0.1 million) were declared on 21 November 2008 and 25 June 2009, and paid on 2 February 2009 and 3 August 2009 respectively.		
	2009 R million	2008 R million
12. RELATED PARTY TRANSACTIONS		
The company entered into various transactions with subsidiaries and special purpose entities which are deemed to be controlled by the group during the year. Interest, dividends and fees received from these entities are listed in note 9.		
Non-current amounts payable by such entities are included in note 2.		
Current amounts due by subsidiary companies are as follows:		
Nampak Products Limited ¹	1 120.4	—
Current amounts due to subsidiary companies are as follows:		
Metal Box South Africa Limited ²	11.7	11.7
Nampak Share Purchase Trust ²	0.2	0.2
Nampak Products Limited ²	357.5	359.3
Malbak Limited ²	353.9	353.9
	723.3	725.1
¹ The loan bears interest at the average deposit rate and has no fixed repayment terms.		
² The loans are interest free and have no fixed repayment terms.		
Treasury shares		
Treasury shares are shares of the company, held by subsidiaries and special purpose entities of the group. Dividends/cash distributions paid on treasury shares are detailed in note 27 of the group financial statements.		
Guarantees		
Guarantee for an amount not exceeding US\$11.7 million (2008: US\$22 million) in favour of Citibank N.A. South Africa branch in respect of the loan facilities entered into between Nampak Cartons Nigeria Limited and Nampak Properties Nigeria Limited with Nigeria International Bank Limited.	87.7	182.2
Guarantee for an amount not exceeding R20 million in favour of Concor Holdings (Pty) Limited in respect of the civil and building works for the paper mill at the Nampak Corrugated factory in Rosslyn.	20.0	20.0

	2009 R million	2008 R million
12. RELATED PARTY TRANSACTIONS <i>(continued)</i>		
Guarantee for an amount not exceeding US\$1.2 million on behalf of Nampak International Limited in favour of U.S. Steel relating to purchases by African operations.	9.0	9.9
Guarantee for an amount not exceeding US\$2 million on behalf of Nampak International Limited in favour of Arcelor Mittal.	15.0	16.6
Guarantee for an amount not exceeding US\$0.5 million on behalf of Nampak International Limited in favour of Sappi Deutschland.	3.8	4.1
Guarantee for an amount not exceeding R1.2 million on behalf of Nampak Products Limited in favour of Unilever SA Home & Personal Care (Pty) Limited for the supply and installation of case erectors and case sealers.	1.2	1.2
Guarantee for an amount not exceeding R750 million on behalf of Nampak Products Limited in favour of noteholders for the commercial paper programme.	750.0	—
Guarantee for an amount not exceeding R1 billion on behalf of Nampak Products Limited in favour of Standard Bank SA Limited for a non-current loan.	1 000.0	—
Key management personnel		
Details of significant positions held by key management personnel and transactions with these entities are provided in note 32 of the group financial statements.		
The remuneration of directors and other members of key management paid by the company during the year was as follows:		
Fees for services as directors	3.1	2.7
The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends.		
13. NOTES TO THE CASH FLOW STATEMENT		
13.1 Reconciliation of profit before taxation to cash retained from/ (utilised in) operations		
Profit before taxation	214.0	999.4
Adjustment for:		
Income from investments	(371.2)	(1 171.7)
Impairment losses	172.4	182.5
Share of (profit)/loss in associate	(0.1)	2.0
Net finance income	(26.0)	(14.3)
Operating loss before working capital changes	(10.9)	(2.1)
Decrease/(increase) in other receivables	0.2	(5.8)
(Decrease)/increase in other payables	(0.8)	0.8
Movement in subsidiary company loans	539.8	(292.7)
Cash retained from/(utilised in) operations	528.3	(299.8)
13.2 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank balances, deposits and cash	411.3	157.5

Interests in subsidiaries, joint ventures and associates

ANNEXURE A

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
						Shares at cost		Indebtedness	
				2009 %	2008 %	2009 Rm	2008 Rm	2009 Rm	2008 Rm
1. SUBSIDIARIES (CONSOLIDATED)									
Amalgamated Packaging Industries (Pty) Ltd	D	RSA	R0.50	—	100	—	—	—	—
Blowmocan Holdings Ltd	I	UK	£1 000	100	100	—	—	—	—
Burcap Plastics (Pty) Ltd	O	RSA	R100	100	100	—	—	—	—
Cartonagens de Mocambique LDA	O	Mozambique	MZM20 000 000	55	55	—	—	0.3	0.3
Consolidated Corrugated Containers (Pty) Ltd	D	RSA	R600 000	—	100	—	6.4	—	—
Crown Cork Co (East Africa) Ltd	D	Kenya	KES12 000 000	—	100	—	—	—	—
Crown Cork Co Zambia Ltd	O	Zambia	ZMK194 285 714	100	100	—	—	—	—
Disaki Cores and Tubes (Pty) Ltd	O	RSA	R1 000	100	100	—	—	—	—
Imperama NV	O	Netherlands	€793 000	100	100	—	—	—	—
International Cartons & Packaging Ltd	O	Zambia	ZMK77 526 000	100	100	—	—	—	—
Interpak Books (Pty) Ltd	O	RSA	R1 000	75	75	—	—	—	—
Kohler Ltd	D	RSA	R0.01	—	100	—	11.0	—	—
Kohler Packaging Ltd	O	RSA	R3 198 495	100	100	8.0	8.0	310.5	310.5
Malbak Industrial Holdings Ltd	D	RSA	R1	—	100	—	28.5	—	—
Malbak Ltd	I	RSA	R353 864 160	100	100	1 836.8	1 836.8	—	—
Metal Box (Namibia) (Pty) Ltd	O	Namibia	N\$1	100	100	—	—	—	—
Metal Box South Africa Ltd	I	RSA	R68 153 240	100	100	—	—	—	—
Nampak Cartons & Healthcare Ltd	O	UK	£142	100	100	—	—	—	—
Nampak Cartons BV	O	Netherlands	€22 700	100	100	—	—	—	—
Nampak Cartons Europe BV	I	Netherlands	€23 205	100	100	—	—	—	—
Nampak Corrugated (Swaziland) Ltd	O	Swaziland	SZL250 000	90	90	—	—	—	—
Nampak Corrugated PMB (Pty) Ltd	O	RSA	R100	100	100	—	—	—	—
Nampak Healthcare Darmstadt GmbH (formerly M.Y. Healthcare Darmstadt GmbH)	O	Germany	€26 000	100	100	—	—	—	—
Nampak Healthcare Ireland Limited (formerly M.Y. Packaging (Healthcare) Ltd)	O	Ireland	€20 316	100	100	—	—	—	—
Nampak Healthcare Italy SRL (formerly M.Y. Healthcare Italy SRL)	O	Italy	€3 000 000	100	100	—	—	—	—
Nampak Healthcare Luxembourg SA (formerly M.Y. Healthcare Luxembourg SA)	O	Luxembourg	€31 000	100	100	—	—	—	—
Nampak Healthcare Sarreguemines SARL (formerly M.Y. Healthcare France SARL)	O	France	€266 786	100	100	—	—	—	—
Nampak Healthcare SCI (formerly M.Y. Healthcare SCI)	O	France	€7 622	100	100	—	—	—	—
Nampak Healthcare Wolfen GmbH (formerly M.Y. Healthcare Wolfen GmbH)	O	Germany	€25 600	100	100	—	—	—	—
Nampak Holdings (UK) Plc	I	UK	£1 964 605	100	100	—	—	—	—
Nampak Holdings Ltd	I	Mauritius	US\$100 000	100	100	—	—	—	—
Nampak Insurance Company Limited	Insurance	Isle of Man	£100 000	100	100	—	—	—	—
Nampak International Ltd	I	Isle of Man	£72 682	100	100	1 889.3	1 889.3	—	—
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100	—	—	—	—
Nampak Leasing (Pty) Ltd	F	RSA	R100	100	100	—	—	—	—

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2009 %	2008 %	Shares at cost		Indebtedness	
						2009 Rm	2008 Rm	2009 Rm	2008 Rm
1. SUBSIDIARIES (CONSOLIDATED) (continued)									
Nampak Liquid Botswana (Pty) Ltd	O	Botswana	BWP100	100	100				
Nampak Metal Packaging Ltd	O	RSA	R9 134	100	100				
Nampak Nigeria Cartons Limited	O	Nigeria	NGN14 000 000	100	100				
Nampak Nigeria Plc	O/L	Nigeria	NGN107 044 183	57	57				
Nampak Nigeria Properties Limited	P	Nigeria	NGN14 000 000	100	100				
Nampak Paper Holdings Ltd	I	UK	£26 828 200	100	100				
Nampak Petpak (Namibia) (Pty) Ltd	O	Namibia	N\$100	100	100				
Nampak Plastics Europe Ltd	O	UK	£4 863 028	100	100				
Nampak Polycyclers (Pty) Ltd	O	RSA	R20 000	100	100				
Nampak Products Ltd	O	RSA	R3 758 641	100	100	93.7	93.7	—	—
Nampak Properties (Isle of Man) Ltd	P	Isle of Man	£100	100	100				
Nampak Southern Africa Holdings Limited	I	Mauritius	US\$4 726 922	100	100	52.5	52.5	—	—
Nampak Tanzania Ltd	O	Tanzania	TZS304 638 620	100	100				
Nampak Technical Services Ltd	O	Isle of Man	£1	100	100				
Nampak Tissue (Pty) Ltd	O	RSA	R100	100	100				
Nampak Zambia Ltd	O	Zambia	ZMK5 000 000	100	100				
National Containers (Pty) Ltd	D	RSA	R245 000	—	100	—	0.1	—	—
Packaging Industries Malawi Ltd	O/L	Malawi	MWVK13 450 000	60	60				
Printech BV	O	Netherlands	€18 000	100	100				
Storey Evans Holdings Limited	I	UK	£20	100	—				
Storey Evans & Company Limited	O	UK	£1 030 000	100	—				
Teknol BV	I	Netherlands	€18 151	100	100				
Teknol NV	I	Netherlands Antilles	US\$6 000	100	100				
Transmar (Isle of Man) Ltd	I	Isle of Man	US\$600 000	100	100				
Total						3 880.3	3 926.3	310.8	310.8
2. JOINT VENTURES (PROPORTIONATELY CONSOLIDATED)									
Bullpak Ltd	O	Kenya	KES4 760 000	49	49				
Crown Cork Company (Mozambique) LDA	O	Mozambique	MZM3 800 million	50	50				
Elopak South Africa (Pty) Ltd	O	RSA	R280	50	50				
Nampak Wiegand Glass (Pty) Ltd	O	RSA	R600	50	50				
Sancell South Africa (Pty) Ltd	O	RSA	R5 000	50	50				
ASSOCIATE									
Collecta-Can (Pty) Ltd	O	RSA	R4 000 000	40	40				
Group Risk Holdings (Pty) Ltd	Insurance	RSA	R10 000	33	33				

Interests in subsidiaries, joint ventures and associates continued

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
						Shares at cost		Indebtedness	
				2009 %	2008 %	2009 Rm	2008 Rm	2009 Rm	2008 Rm
3. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (NOT CONSOLIDATED)									
CarnaudMetalbox Zimbabwe Ltd	○	Zimbabwe	ZWD19 799 000	100	100				
Crown Cork Co Zimbabwe (1958) (Pvt) Ltd	○	Zimbabwe	ZWD1 421 000	100	100				
Megaplastics Ltd	I	Zimbabwe	ZWD2	100	100				
Hunyani Holdings Ltd	○/L	Zimbabwe	ZWD31 391 103	39	39				
Megapak Zimbabwe (Pty) Ltd	○	Zimbabwe	ZWD20	49	49				
Sun Citrus Packers (Pty) Ltd	○	South Africa	R16 000 000	26	26				

Type

○ – Operating F – Finance I – Investment holding P – Property owning L – Listed D – Deregistered in the current year

General information in respect of subsidiaries, as required in terms of paragraph 62 of the 4th Schedule of the Companies Act, 1973, is set out only in respect of those subsidiaries, the financial position or the results of which is material for a proper appreciation of the affairs of the group. The directors are of the opinion that the disclosures in these statements of such information in respect of the remaining dormant subsidiaries would entail expenses out of proportion to the value to shareholders. A register containing the relevant information in respect of all subsidiaries, joint ventures and associates is available for inspection at the registered offices of Nampak Limited.

Note:

The subsidiary, joint venture and associate companies' aggregate income after taxation attributable to the holding company for the year ending 30 September 2009 is R420.4 million (2008: R919.5 million). The aggregate amount of losses attributable to the holding company is R178.3 million (2008: R361.1 million).

Investments

ANNEXURE B

	Type (see note below)	Number of shares held by group		Effective percentage holding	
		2009	2008	2009	2008
UNLISTED INVESTMENTS					
Ethiopian Crown Cork & Can Industry	○	5 750	5 750	25	25
Houers Ko-operatief Bpk	○	1 714 901	1 714 901	15	15
Lesedi Clinic (Soweto) (Pty) Ltd	○	250	250	100	100
New Farmers Development Corporation Ltd	○	150 586	150 586	< 1	< 1
Nampak Polyfoil Zimbabwe (Pvt) Ltd	○	1	1	< 1	< 1

Type

○ – Operating

Notice of annual general meeting

NAMPAK LIMITED

Notice is hereby given that the forty-second annual general meeting of shareholders of Nampak Limited will be held at the Hilton Hotel, 138 Rivonia Road, Sandton, South Africa, on Wednesday, 3 February 2010 at 12:00 for the following purposes:

1. To receive and consider the annual financial statements of the company and of the group for the year ended 30 September 2009.
2. To confirm the appointments of Ms DC Moephuli and Mr PM Surgey as non-executive directors of the company and to confirm the appointments of Messrs G Griffiths and FV Tshiqi as executive directors of the company. Please refer to pages 5 and 195 of the annual report for a biography of each director.
3. To elect directors in place of Messrs RJ Khoza and RV Smither who retire by rotation but, being eligible, offer themselves for re-election. Please refer to pages 4 and 5 of the annual report for a biography of each director.
4. To consider and, if approved, to pass with or without modification, the following ordinary resolutions:

Ordinary resolution number 1

"RESOLVED THAT the revised annual fees payable by the company to non-executive directors be approved with effect from 1 October 2009 as follows:"

Board/committee	Current fees		Proposed fees		
	Fixed fee per annum R	Base fee R	Fee per meeting for attendance R	Number of formal meetings per annum	Total proposed fee R
Non-executive chairman*	975 000	930 000	20 000	6	1 050 000
Non-executive directors**	130 000	80 500	10 000	6	140 500
Chairman of the audit committee**	130 000	80 500	20 000	3	140 500
Member of the audit committee**	65 000	40 500	10 000	3	70 500
Chairman of the nominations committee**		Included in fees for chairman of the board			
Member of the nominations committee**	n/a	7 500	2 500	3	15 000
Chairman of the remuneration committee**	98 000	61 000	15 000	3	106 000
Member of the remuneration committee	52 000	41 000	5 000	3	56 000
Chairman of the risk committee**	98 000	61 000	15 000	3	106 000
Member of the risk committee**	52 000	41 000	5 000	3	56 000
Chairman of the transformation and sustainability committee	98 000	61 000	15 000	3	106 000
Member of the transformation and sustainability committee	52 000	41 000	5 000	3	56 000

Notes:

* Fees are paid monthly in arrears.

** Fees are paid quarterly in arrears.

The increase in fees is recommended to retain the appropriate calibre of non-executive director and is in line with market practice. The fees for attendance at meetings will be adjusted to reflect the actual number of meetings held during the financial year.

Ordinary resolution number 2

“RESOLVED THAT Deloitte & Touche be re-appointed as auditors of the company until the next annual general meeting and that Mr AF Mackie be appointed as the individual registered auditor who undertakes the audit for the company for that period.”

Ordinary resolution number 3

“RESOLVED THAT the company hereby specifically approves, in terms of section 222(1)(a) of the Companies Act, 1973, as amended, the allotment and issue from the ordinary shares already set aside for purposes of the Nampak 1985 Share Option Scheme of ordinary shares of 5 (five) cents each to the undermentioned executive director as and when he exercises the options detailed below, which were granted to him to acquire ordinary shares of 5 cents each in the company and specifically authorises the directors to make such issue and allotment:”

Name of director	Date option granted	Option price (cents)	Number of options
FV Tshiqi*	25 July 2002	1 326	40 000
FV Tshiqi*	27 November 2003	1 234	25 000
FV Tshiqi*	1 December 2004	1 495	40 000

Ordinary resolution number 4

“RESOLVED THAT the company hereby specifically approves, in terms of section 222(1)(a) of the Companies Act, 1973, as amended, the allotment and issue from the ordinary shares already set aside for purposes of The Nampak Limited Performance Share Plan of ordinary shares of 5 (five) cents each in the company to the undermentioned executive directors as and when shares are settled on them in terms of the rules of The Nampak Limited Performance Share Plan:”

Name of director	Date of award	Number of performance shares awarded
AB Marshall	2 March 2009	338 826
FV Tshiqi*	25 May 2006	40 000
FV Tshiqi*	10 December 2007	32 842
FV Tshiqi*	10 December 2008	73 607

Ordinary resolution number 5

“RESOLVED THAT the company hereby specifically approves, in terms of Section 222(1)(a) of the Companies Act, 1973, as amended, the allotment and issue from the ordinary shares already set aside for purposes of The Nampak Limited Share Appreciation Plan of ordinary shares of 5 (five) cents each in the company to the undermentioned executive directors as and when shares are settled on them in terms of the rules of The Nampak Limited Share Appreciation Plan:”

Name of director	Date of award	Number of share appreciation rights awarded
AB Marshall	2 March 2009	152 798
FV Tshiqi*	10 December 2007	27 591
FV Tshiqi*	10 December 2008	30 735

Notes:

*Share options, performance share awards and share appreciation rights were granted to Mr Tshiqi in previous years, prior to his appointment as an executive director on 29 July 2009.

Ordinary resolution number 6

“RESOLVED THAT the company adopt and approve the Nampak Limited Share Appreciation Plan 2009, in replacement of the Nampak Limited Share Appreciation Plan adopted in 2006, in accordance with the salient features set out in the Annexure to the notice of annual general meeting of the company, the details of which are incorporated in separate plan rules which have been available for inspection at the company’s registered office for 21 days prior to the annual general meeting. Further, the directors of the company are authorised to do all such things as are necessary to implement operation of the Nampak Limited Share Appreciation Plan 2009.”

Notice of annual general meeting continued

Ordinary resolution number 7

"RESOLVED THAT the company adopt and approve the Nampak Limited Performance Share Plan 2009, in replacement of the Nampak Limited Performance Share Plan adopted in 2006, in accordance with the salient features set out in the Annexure to the notice of annual general meeting of the company, the details of which are incorporated in separate plan rules which have been available for inspection at the company's registered office for 21 days prior to the annual general meeting. Further, the directors of the company are authorised to do all such things as are necessary to implement operation of the Nampak Limited Performance Share Plan 2009."

Ordinary resolution number 8

"RESOLVED THAT the company adopt and approve the Nampak Limited Deferred Bonus Plan 2009 in accordance with the salient features set out in the Annexure to the notice of annual general meeting of the company, the details of which are incorporated in separate plan rules which have been available for inspection at the company's registered office for 21 days prior to the annual general meeting. Further, the directors of the company are authorised to do all such things as are necessary to implement operation of the Nampak Limited Deferred Bonus Plan 2009."

Ordinary resolution number 9

"RESOLVED THAT the company hereby approves the amendments made to the Nampak 1985 Share Option Scheme (the "Share Option Scheme"), the Nampak Limited Share Appreciation Plan Trust approved by shareholders during 2006 ("SAP Trust") and the Nampak Limited Performance Share Plan Trust approved by shareholders during 2006 ("PSP Trust") in order to ensure compliance with Schedule 14 to the JSE Limited Listings Requirements. Although awards are no longer granted under the Share Option Scheme and awards will not be granted under the SAP Trust and the PSP Trust after approval of the Nampak Limited Share Appreciation Plan and Nampak Limited Performance Share Plan, the amendments will apply to existing allocations."

The amendments made to the Share Option Scheme to ensure compliance with Schedule 14 to the JSE Limited Listings Requirements can be summarised as follows:

- (a) Reference to a fixed number of shares being available for utilisation under the Share Option Scheme and clarification around how that limit is calculated.
- (b) Clarification around how the limit on the number of shares which can be acquired under the Share Option Scheme by any one participant is calculated.
- (c) Confirmation that no amount is payable by participants for the grant of an option.
- (d) Confirmation that non-executive directors of the company are not eligible to participate in the Share Option Scheme.
- (e) Removal of the board of directors' discretion to determine the terms of the option, once it has been granted.
- (f) Removal of the board of directors' discretion to determine the rights of participants who leave the company's employment whilst holding options granted under the Share Option Scheme.
- (g) Inclusion of a provision which states what will happen to share options should there be a change of control of the company.
- (h) Confirmation that participants will only acquire shareholder rights in respect of the shares following the exercise of the option.
- (i) Amendment of the provisions relating to the effects of a variation of share capital or a capitalisation issue on the terms of options such that the directors shall adjust the terms of the options such that the participant is entitled to the same proportion of equity capital after the event as he was before the event. In addition, various procedures which need to be followed when such an adjustment is made have been added to the rules of the Share Option Scheme.

- (j) Addition of provisions which cannot be amended without the company's approval.
- (k) Allowing the directors to determine that shares be purchased in the market in order to satisfy options when exercised.
- (l) Cross-reference to certain provisions included in the JSE Limited Listings Requirements.

The amendments made to the SAP Trust and the PSP Trust to ensure compliance with Schedule 14 to the JSE Limited Listings Requirements can be summarised as follows:

- (a) Reference to a fixed number of shares being available for utilisation under the SAP Trust and PSP Trust and clarification around how that limit is calculated.
- (b) Clarification around how the limit on the number of shares which can be acquired under the SAP Trust and PSP Trust by any one participant is calculated.
- (c) Confirmation that no amount is payable by participants for the grant of awards.
- (d) Confirmation that non-executive directors of the company are not eligible to participate.
- (e) Removal of the board of directors' discretion to determine the terms of the award, once it has been granted.
- (f) Removal of the board of directors' discretion to determine the rights of participants who leave the company's employment whilst holding awards.
- (g) Confirmation that participants will only acquire shareholder rights in respect of the shares following the exercise of share appreciation rights under the SAP Trust or vesting of performance shares under the PSP Trust.
- (h) Clarification of various procedures which need to be followed in the event of an adjustment of the share capital of the company and an adjustment is made to the terms of the award have been added to the rules of the SAP Trust and PSP Trust.
- (i) Addition of provisions which cannot be amended without the company's approval.

- (j) Allowing the directors to determine that shares be purchased in the market in order to satisfy awards.
- (k) Cross-reference to certain provisions included in the JSE Limited Listings Requirements.

5. To consider and, if approved, to pass with or without modification the following special resolution:

Special resolution number 1

"RESOLVED THAT, subject to compliance with the requirements of the JSE, the directors of the company be and are hereby authorised in their discretion to procure that the company or subsidiaries of the company acquire by purchase on the JSE ordinary shares issued by the company provided that:

- (i) the number of ordinary shares acquired in any one financial year shall not exceed 20% of the ordinary shares in issue at the date on which this resolution is passed;
- (ii) this authority shall lapse on the earlier of the date of the next annual general meeting of the company or the date 15 months after the date on which this resolution is passed;
- (iii) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made; and
- (iv) the number of shares purchased by subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued shares in the company at the relevant times."

The reason for this special resolution is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or purchase ordinary shares issued by the company subject to the restrictions contained in the above resolution.

Notice of annual general meeting continued

The effect of this special resolution will be to authorise the directors of the company to procure that the company or subsidiaries of the company acquire or purchase shares issued by the company on the JSE. Such purchases:

- (i) may not in any financial year exceed 20% of the company's ordinary shares in issue at the date of passing the above resolution;
- (ii) must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- (iii) may not be made at prices in excess of 10% above the weighted average of the market value of the ordinary shares for the five days preceding the date of purchase;
- (iv) must comply with the requirements of the JSE; and
- (v) if made by a subsidiary or subsidiaries may not exceed 10% in the aggregate of the issued shares in the company.

The general authority granted by this resolution will lapse on the earlier of the date of the next annual general meeting of the company or the date 15 months after the date on which this resolution was passed.

This authority will only be used if the circumstances are appropriate and ordinary shares will be purchased on the JSE.

The directors, after considering the effect of a repurchase of up to 20% of the company's issued ordinary shares, must be of the opinion that if such repurchase is implemented:

- (i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- (ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 months after the date of this notice;

- (iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice; and
- (iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice.

The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

VOTING AND PROXIES

On a show of hands every member present in person or represented in terms of section 188 of the Companies Act, 1973, shall have one vote and on a poll every member present in person or by proxy or so represented shall have one vote for every share held by such member.

A member entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in place of that member. A proxy need not be a member of the company.

Registered holders of certificated Nampak shares and holders of dematerialised Nampak shares in their own name and who are unable to attend the annual general meeting and who wish to be represented at the meeting, must complete and return the attached form of proxy in accordance with the instructions contained in the form of proxy so as to be received by the share registrar, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) by no later than 12:00 on Monday 1 February 2010.

Holders of Nampak shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities

Depository Participant ("CSDP") or broker to enable them to attend and vote at the annual general meeting or to enable their votes in respect of their Nampak shares to be cast at the annual general meeting by that nominee or a proxy or a representative.

In terms of the JSE Listings Requirements for special resolution number 1, the following general information is included in the annual report:

- (i) Directors (pages 4 and 5)
- (ii) Major shareholders (page 32)
- (iii) There have been no material changes since 23 November 2009
- (iv) Directors' interests in securities (page 96)
- (v) Share capital of the company (pages 140 to 143)
- (vi) The company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 4 and 5 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular (the notice of the annual general meeting) contains all information required by law and the JSE Listings Requirements.

Curriculum vitae for Ms DC Moephuli

Disebo Moephuli (45) BA (Economics); MBA (Finance)

Currently employed as group treasurer at Transnet, a position she has held since September 2006. Previous positions include head: financial markets department at the South African Reserve Bank, treasurer at the Development Bank of Southern Africa, various positions at First National Bank and RMB and, during an internship programme in 1995, she worked for the Bank of Montreal in Toronto in the risk management department.

By order of the board



NP O'Brien

Company secretary

11 December 2009

Nampak Limited

Nampak Centre
114 Dennis Road
Atholl Gardens
Sandton 2196
Republic of South Africa

Annexure to the notice of annual general meeting

Adoption of new incentive plans

INTRODUCTION

In line with global best practice and emerging South African practice, the Company intends to adopt the following new share incentive plans:

- The Nampak Limited Share Appreciation Plan 2009 (the "SAP");
 - The Nampak Limited Performance Share Plan 2009 (the "PSP"); and
 - The Nampak Limited Deferred Bonus Plan 2009 (the "DBP"),
- (together the "Plans").

The Plans are in line with practice in FTSE 100 and FTSE 250 companies in the UK and with several recently adopted schemes for large JSE-listed or dual-listed companies. All three Plans will include participation by executive directors and selected employees of the Group.

The purpose of the SAP and the PSP is to replace the existing Share Appreciation Plan and Performance Share Plan adopted by the Company in 2006. The Rules of both the SAP and PSP adopt recent changes made to the JSE Listings Requirements and also reflect the fact that, going forward, awards will not be granted under the associated Share Plan Trusts. Further minor amendments have been made to the termination of employment provisions and change of control provisions in both the SAP and PSP to reflect current market practice in this regard. These provisions are summarised below.

Both the SAP and the PSP recognise contributions made by selected Employees and by providing them with an opportunity to acquire Shares they are incentivised to further the interests of the Group. They also support the principle of alignment of management and shareholder interests with Performance Targets governing the vesting of both Share Appreciation Rights and Awards.

The purpose of the DBP is to encourage senior executives to use part of their annual bonus, awarded at operating company level, for the purpose of acquiring shares in the Company. Matching Shares will be awarded based on the number of shares held at the

Vesting Date. The DBP has a retention effect and encourages share ownership in the Company.

In respect of the SAP and the SAP Trust, the Company will be limited to issuing no more than 18 000 000 (eighteen million) Shares. This equates to approximately 2.733% (two point seven three three percent) of the current issued share capital of the Company. This is higher than the limit of 16 000 000 (sixteen million) Shares approved by shareholders on adoption of the existing SAP Trust in 2006. However, the number of Shares which can be issued under the PSP has been reduced accordingly. This limit also takes into account awards granted under the SAP Trust. Further, the commitment that Shares Allocated under the SAP Trust during the five-year period following the first allocation thereunder will not exceed 8 000 000 (eight million) Shares has been retained in respect of the SAP.

In respect of the PSP and PSP Trust, the Company will be limited to issuing no more than 9 000 000 (nine million) Shares. This equates to approximately 1.366% (one point three six six percent) of the current issued share capital of the Company. It also takes into account awards already granted under the PSP Trust. On adoption of the existing PSP Trust in 2006, a limit of 16 000 000 (sixteen million) Shares was approved by Shareholders which means that the PSP limit has been reduced with the other 7 000 000 (seven million) Shares being made available under the DBP and the SAP. The commitment that Shares Allocated under the PSP Trust during the five-year period following the first allocation thereunder will not exceed 8 000 000 (eight million) Shares has been retained in respect of the PSP.

In respect of the DBP, the Company will be limited to issuing no more than 5 000 000 (five million) Shares. This equates to approximately 0.759% (zero point seven five nine percent) of the current issued share capital of the Company.

Taking the Plans together, the Company will still be limited to issuing no more than 32 000 000 (thirty two million) Shares. This is the limit previously approved in respect of the SAP Trust and PSP Trust and does not increase the overall dilution of shareholders through operation of the Plans.

SALIENT FEATURES OF THE SAP, PSP AND DBP

SAP

Employees will receive annual Grants of Share Appreciation Rights, which are conditional rights to receive Shares equal in value to the difference between the Exercise Price and the Award Price. Vesting of the Share Appreciation Rights is subject to the satisfaction of a Performance Target. The duration and specific nature of the Performance Target and Performance Period will be stated in the Award Certificate and will be determined by the RemCo on an annual basis. After Vesting, the Share Appreciation Rights will become exercisable. Upon exercise by a Participant, the relevant Employer Company will settle the value of the difference between the Exercise Price and the Award Price by delivering Shares or, as a fall back provision only, by settling the value in cash. Share Appreciation Rights not exercised within the Maximum Period will lapse.

PSP

Employees will receive annual Awards, which are conditional rights to receive a specified number of Performance Shares. The Release of Performance Shares is subject to the satisfaction of a Performance Target. The duration and specific nature of the Performance Target and Performance Period will be stated in the Award Letter and will be determined by the RemCo on an annual basis. Following testing of the Performance Target, one third of the Performance Shares to be Released will be delivered to Participants immediately, A further one third will be delivered one year after the end of the Performance Period and the final third will be delivered two years after the end of the Performance Period, subject to continued employment.

DBP

Employees will be able to apply up to a specified portion of their Annual Bonus (on an after-tax basis) to purchase Bonus Shares. This portion cannot exceed 50% (fifty percent). The Bonus Shares purchased will be owned by the Participant but will be held by the Escrow Agent during the DBP Period. Employees will

receive a Matching Award, which is a conditional right to receive Shares equal in value to the Bonus Shares held as at the Vesting Date, i.e. on a 1:1 basis. Vesting of the Matching Award is not subject to the satisfaction of performance targets, but is dependent upon continued employment. To the extent that an Employee disposes of his Bonus Shares during the DBP Period, his Matching Award will be reduced accordingly and, where all Bonus Shares are disposed of, will lapse.

Eligibility

Directors (excluding non-executive directors) and Employees of the Group are eligible to participate in the Plans. The Employer Companies will recommend participation in the Plans to the RemCo.

Performance conditions

The Vesting of Share Appreciation Rights and Release of Performance Shares will be subject to the achievement of a specified Performance Target. The Performance Target and Performance Period will be stated in the Award Certificate, or Award Letter, and will be set by the RemCo on an annual basis.

The Performance Targets that will be imposed for the first grant will be that real growth of normalised Headline Earnings per Share (HEPS) (as adjusted for actual gains and losses) in excess of CPI is required for the Share Appreciation Rights and Performance Shares to vest and/or such additional performance measure as may be determined by the RemCo.

The Vesting of Matching Awards granted under the DBP will not be subject to the achievement of a Performance Target, but will be subject to continued employment and the Participant retaining his Bonus Shares for the duration of the DBP Period.

Limits

Overall company limit

In respect of the SAP and the SAP Trust, the Company will be limited to issuing no more than 18 000 000 (eighteen million) Shares. This equates to approximately 2.733% (two point seven three three percent) of the current issued share capital of the Company. This is higher than the limit of 16 000 000 (sixteen million)

Annexure to the notice of annual general meeting continued

Shares approved by shareholders on adoption of the existing SAP Trust in 2006. However, the number of Shares which can be issued under the PSP has been reduced accordingly. This limit also takes into account awards granted under the SAP Trust. Further, the commitment that Shares Allocated under the SAP Trust during the five-year period following the first allocation thereunder will not exceed 8 000 000 (eight million) Shares has been retained in respect of the SAP.

In respect of the PSP and PSP Trust, the Company will be limited to issuing no more than 9 000 000 (nine million) Shares. This equates to approximately 1.366% (one point three six six percent) of the current issued share capital of the Company. It also takes into account awards already granted under the PSP Trust. On adoption of the existing PSP Trust in 2006, a limit of 16 000 000 (sixteen million) Shares was approved by Shareholders which means that the PSP limit has been reduced with the other 7 000 000 (seven million) Shares being made available under the DBP and the SAP. The commitment that Shares allocated under the PSP Trust during the five-year period following the first allocation thereunder will not exceed 8 000 000 (eight million) Shares has been retained in respect of the PSP.

In respect of the DBP, the Company will be limited to issuing no more than 5 000 000 (five million) Shares. This equates to approximately 0.759% (zero point seven five nine percent) of the current issued share capital of the Company.

Taking all the Plans together, the Company will still be limited to issuing no more than 32 000 000 (thirty two million) Shares. This is the limit previously approved in respect of the SAP Trust and PSP Trust and does not increase the overall dilution of shareholders through operation of the Plans.

Individual limit

The maximum number of Shares allocated to any one Participant in respect of all unvested awards under the Plans and any other share plan operated by the Company shall not exceed 2 200 000 (two million two hundred thousand) Shares representing approximately 0.334% (zero point three three four percent) of the current issued ordinary share capital of the Company.

Cessation of employment and death

Resignation or dismissal

If a Participant's employment with an Employer Company terminates by reason of his resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by him or otherwise or where he resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the Release Date or the Vesting Date, all his Share Appreciation Rights, Performance Shares and Matching Shares will be forfeited and will lapse.

Retirement

If a Participant's employment with an Employer Company terminates before the Release Date or Vesting Date by reason of Voluntary Retirement, all his Share Appreciation Rights, Performance Shares and Matching Awards will be forfeited and will lapse.

If a Participant's employment with any Employer Company terminates before the Release Date or Vesting Date by reason of Normal Retirement or Involuntary Early Retirement then:

(a) SAP

A proportion of the unvested Share Appreciation Right will Vest and may be exercised within 6 (six) months after the date of termination of employment (or such extended period as the RemCo regards as appropriate). The proportion that Vests will reflect the number of months served from the Award Date up to the date of termination of employment and the extent to which the Performance Target has been satisfied as at the date of termination of employment. To the extent that the Share Appreciation Right does not Vest, the balance will lapse.

Where a Participant holds a Vested but unexercised Share Appreciation Right, he may exercise it within 6 (six) months after the date of termination of employment, failing which it shall lapse.

(b) PSP

A proportion of the Performance Shares will be Released on the applicable Release Date. This proportion will reflect the number of months served from the Award Date up to the date of termination of employment and the extent to which the Performance Target has been satisfied as at the date of termination of employment. The remaining Performance Shares will lapse.

Where the termination of employment occurs after the first Release Date but before the entire Award has been Released, the outstanding Performance Shares will not be forfeited and will be Settled in accordance with the Rules of the PSP.

(c) DBP

In respect of the Matching Award, a proportion will Vest on the date of termination of employment. The proportion of the Matching Award which will Vest will reflect the number of months served from the Offer Date up to the date of termination of employment and will be based on the number of Bonus Shares held at the date of termination of employment. To the extent that it does not Vest, the balance of the Matching Award will lapse.

Retrenchment

If a Participant's employment with any Employer Company terminates before the Release Date or Vesting Date by reason of Involuntary Retrenchment, such Participant's Performance Shares will be Released on the applicable Release Date and the Matching Award will Vest in full on the date of termination of employment based on the number of Bonus Shares held at that date. The Share Appreciation Right shall Vest in full on the date of termination of employment and may be exercised during the Maximum Period.

If a Participant's employment with an Employer Company terminates before the Release Date or Vesting Date by reason of Voluntary Retrenchment, then:

(a) SAP

A proportion of the unvested Share Appreciation Right will Vest and may be exercised within 6 (six) months after the date of termination of employment (or such extended period as the RemCo regards as appropriate). The proportion of the unvested Share Appreciation Right which Vests will reflect the number of months served from the Award Date up to the date of termination of employment and the extent to which the Performance Target has been satisfied as at the date of termination of employment. To the extent that the Share Appreciation Right does not Vest, the balance will lapse.

Where a Participant holds a Vested but unexercised Share Appreciation Right, he may exercise it within 6 (six) months after the date of termination of employment, failing which it shall lapse.

(b) PSP

A proportion of the Performance Shares will be Released on the applicable Release Date. This proportion will reflect the number of months served from the Award Date up to the date of termination of employment and the extent to which the Performance Target has been satisfied as at the date of termination of employment. The remaining Performance Shares will lapse.

Where the termination of employment occurs after the first Release Date but before the entire Award has been Released, the outstanding Performance Shares will not be forfeited and will be Settled in accordance with the Rules of the PSP.

(c) DBP

In respect of the Matching Award, a proportion will Vest on the date of termination of employment. The proportion of the Matching Award which will Vest will reflect the number of months served from the Offer Date up to the date of termination of employment and will be based on the number of Bonus Shares held at the date of termination of employment. To the extent that it does not Vest, the balance of the Matching Shares will lapse.

Annexure to the notice of annual general meeting continued

Death, ill health, disability, sale of Employer Company or other reasons for cessation of employment

If a Participant ceases to be an employee of an Employer Company by reason of death, ill health, disability, the Employer Company ceases to be a subsidiary of the Company or the undertaking in which he is employed being transferred to a transferee which is not a member of the Group or other reasons for cessation of employment other than resignation or dismissal or retirement, then:

(a) SAP

A proportion of the unvested Share Appreciation Right will Vest and may be exercised within 6 (six) months after the date of termination of employment (or such extended period as the RemCo regards as appropriate). The proportion of the unvested Share Appreciation Right which Vests will reflect the number of months served from the Award Date up to the date of termination of employment and the extent to which the Performance Target has been satisfied as at the date of termination of employment. To the extent that the Share Appreciation Right does not Vest, the balance will lapse.

Where a Participant holds a Vested but unexercised Share Appreciation Right, he may exercise it within 6 (six) months after the date of termination of employment, failing which it shall lapse.

(b) PSP

A proportion of the Performance Shares will be Released on the applicable Release Date. This proportion will reflect the number of months served from the Award Date up to the date of termination of employment and the extent to which the Performance Target has been satisfied as at the date of termination of employment. The remaining Performance Shares will lapse.

Where the termination of employment occurs after the first Release Date but before the entire Award has been Released, the outstanding Performance Shares will not be forfeited and will be Settled in accordance with the Rules of the PSP.

(c) DBP

In respect of the Matching Award, a proportion will Vest on the date of termination of employment. The proportion of the Matching Award which will Vest will reflect the number of months served from the Offer Date up to the date of termination of employment and will be based on the number of Bonus Shares held at the date of termination of employment. To the extent that it does not Vest, the balance of the Matching Shares will lapse.

Change of control

In the event that before the Release Date or Vesting Date, there is a change of control of the Company, then:

(a) SAP

A proportion of the unvested Share Appreciation Right will Vest on the date of the change of control and exercise will be permitted during a time period specified by the RemCo. The proportion of the unvested Share Appreciation Right which Vests will reflect the number of months served from the Award Date up to the date of the change of control and the extent to which the Performance Target has been satisfied as at the date of the change of control. To the extent that the Share Appreciation Right does not Vest, the balance will lapse.

(b) PSP

A proportion of the Performance Shares will be Released on the date of the change of control. This proportion will reflect the number of months served from the Award Date up to the date of the change of control and the extent to which the Performance Target has been satisfied as at the date of the change of control. The remaining Performance Shares will lapse.

Where the change of control occurs after the first Release Date but before the entire Award has been Released, the outstanding Performance Shares will not be forfeited and will be Settled on the date of the change of control.

(c) *DBP*

In respect of the Matching Award, a proportion will Vest on the date of the change of control. The proportion of the Matching Award which will Vest will reflect the number of months served from the Offer Date up to the date of the change of control and will be based on the number of Bonus Shares held at the date of the change of control. To the extent that it does not Vest, the balance of the Matching Shares will lapse.

However, under each Plan the Company can determine that the relevant award does not vest and that it will be exchanged automatically for a new award in respect of shares in the acquiring company, or such other entity nominated by the acquiring company.

VARIATION IN SHARE CAPITAL

In the event of a rights issue, capitalisation issue, capital distribution, unbundling, any other corporate action or other event affecting the share capital of the Company, a demerger (in whatever form) or in the event that the Company makes a distribution in specie or a payment in terms of section 90 of the Companies Act 61 of 1973 (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), or a repurchase of Shares before the Vesting Date or Release Date, Participants shall continue to participate in the relevant Plan and the RemCo shall make such adjustment to the number of Shares comprised in the award, or take such other action, as is thought appropriate. Such adjustment should give the Participant an entitlement to the same proportion of the equity capital as that to which he was entitled prior to the occurrence of the relevant event.

The RemCo shall notify the Participants of any adjustments which are made under this paragraph. Where necessary, in respect of any such adjustments, the Company's auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the RemCo in writing that the Participants have not been disadvantaged by the adjustments and shall also

provide written confirmation to the JSE that the adjustments are in accordance with the Rules of the Plan.

SHARES TO RANK PARI PASSU

On the Release Date or Vesting Date the Participant shall have all shareholder rights in respect of the Shares and the Shares shall rank pari passu with the existing Shares in the issued ordinary share capital of the Company. In respect of Bonus Shares acquired under the DBP, these Shares will be owned by the Participant and he shall have all shareholder rights from the date of acquisition.

AMENDMENTS TO THE PLANS

Amendments to the provisions of the Plans relating to:

- eligibility to participate;
- the basis for determining the awards;
- the adjustment of Share Appreciation Rights, Awards and Matching Awards in the event of a variation of capital of the Company as well as voting, dividend, transfer and other rights, including those arising on liquidation of the Company;
- the procedure to be adopted in the event of termination of employment;
- the procedure to be adopted in the event of a change of control of the Company;
- the definition of Award Price;
- the definition of Market Value;
- the number of Shares that may be utilised for the Plans;
- the limitations on benefits or maximum entitlements; and
- the amendment provision,

are subject to approval by ordinary resolution of 75% (seventy five percent) of the shareholders present or represented by proxy in general meeting and the JSE.

Annexure to the notice of annual general meeting continued

Glossary of terms

“Allocated”	as one Share Appreciation Right granted will never result in the dilution of one full Share, for the purposes of setting the limits under the SAP shall mean that the expected dilution per Share Appreciation Right granted shall not exceed the Company and individual dilution limits and for the purposes of setting the limits under the PSP and DBP, shall mean that the expected dilution per Award or Matching Award made shall not exceed one Share per any one Award or Matching Award;
“Annual Bonus”	the annual bonus earned in any one Financial Year under the Company’s annual cash incentive bonus;
“Award”	the conditional award to an Employee of Performance Shares under the PSP;
“Award Date”	the date on which an Award is made to an Employee under the PSP or Share Appreciation Right is Granted to an Employee under the SAP as specified in the Award Certificate;
“Award Certificate”	the document prepared by the Directors which details the name of the Employee to whom the Share Appreciation Right is made, the Award Date, the number of Shares comprising the award, the Vesting Date, any Performance Target and any relevant terms and conditions;
“Award Letter”	a letter containing information relating to the Award sent by the Company on behalf of the RemCo to a Participant informing the Participant of the grant of an Award to him;
“Award Price”	the price attributable to a Share Appreciation Right, being a price equal to the Market Value of a Share on the Award Date;
“Bonus Shares”	that number of Shares acquired by a Participant with a portion of his after-tax annual bonus under the DBP;
“Business Day”	any day on which the JSE is open for the transaction of business;
“Company”	Nampak Limited (Registration Number 1968/008070/06);
“Directors”	the board of directors for the time being of the Company, or any committee thereof (including the Remuneration Committee) to whom or upon whom the powers of the board in respect of the new share incentive plans are delegated or are conferred in terms of the Company’s articles of association;
“DBP”	the Nampak Limited Deferred Bonus Plan 2009;
“DBP Period”	the period starting on the Offer Date and ending on the Vesting Date as specified in the Offer Letter;

“Employee”	a person eligible to participate in the SAP, PSP and DBP, namely an officer or employee, including any director holding salaried employment or office, of any Employer Company in the Group, as determined from time to time by the Directors, but excluding any non-executive director;
“Employer Company”	a company in the Group, as determined from time to time by the Directors, which employs an Employee and which will have an obligation to procure the Settlement of Shares to such Employee;
“Exercise Date”	the date on which a Share Appreciation Right is exercised;
“Escrow Agent”	the person or entity appointed by the Board from time to time to hold Bonus Shares in escrow on behalf of Participants;
“Financial Year”	the financial year of the Company which currently runs from 1 October to 30 September each year;
“Grant” or “Granted”	the grant to an Employee of a Share Appreciation Right under the Rules of the SAP;
“Grant Date”	the date on which a Matching Award is made to an Employee, which shall be as soon as reasonably practicable after acceptance of the Offer;
“Group”	the Company and its Subsidiary Companies from time to time and any company with which the Company or any Subsidiary Company has a 50% (fifty percent) joint venture arrangement;
“Involuntary Early Retirement”	refers to the termination of the employment relationship between the relevant Employer Company and the Participant by way of a notice of termination of service from the Employer Company to the Participant after the Participant has reached age 55, or such age deemed by the Employer Company to be classified as early retirement, but prior to Normal Retirement;
“Involuntary Retrenchment”	refers to the termination of employment relationship between the relevant Employer Company and the Participant by way of a notice of termination of employment for operational reasons, in writing from the Employer Company to the Participant;
“JSE”	the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, licensed as an exchange under the Securities Services Act, No. 36 of 2004;
“Market Value”	in relation to a Share on any particular day, the volume weighted average price of a Share on that day, as quoted on the JSE;
“Matching Award”	a conditional award of Matching Shares made to a Participant under the DBP;
“Matching Shares”	Shares forming the subject matter of the Matching Award, being equal in value to the Market Value of the Bonus Shares held on the Vesting Date;

Annexure to the notice of annual general meeting continued

“Maximum Period”	in respect of a Share Appreciation Right means the period commencing on the Award Date and expiring on the earlier of (i) the seventh anniversary of the Award Date or (ii) where Share Appreciation Rights are capable of being exercised by a Participant’s heir, executor, trustee or other representative, 12 months after the date of death of the Participant;
“Normal Retirement”	refers to the termination of the employment relationship between the relevant Employer Company and the Participant by way of a notice of termination of service from the Employer Company to the Participant on achieving the Company approved official retirement age, as applicable to each Employer Company;
“Offer”	the Offer to an Employee to participate in the DBP;
“Offer Date”	the date on which the RemCo, acting on recommendations from the Employer Company, resolves to make an Offer to an Employee;
“Offer Letter”	a letter containing information relating to the Offer sent by the Company, on behalf of the RemCo, to a Participant in the DBP;
“Participant”	an Employee to whom a Share Appreciation Right has been granted under the Rules of the SAP, an Award granted under the Rules of the PSP or an Offer accepted and Matching Award granted under the Rules of the DBP and who has accepted such award;
“Performance Period”	the period in respect of which a Performance Target is to be satisfied, as set out in the Award Certificate or Award Letter;
“Performance Target”	a performance target imposed as a condition of the Vesting of Share Appreciation Rights or the Release of Awards;
“Performance Shares”	Shares which have been conditionally awarded to an Employee under an Award;
“Plans”	the SAP Trust, SAP, PSP Trust, PSP and DBP;
“PSP”	the Nampak Limited Performance Share Plan 2009;
“PSP Trust”	the Nampak Limited Performance Share Plan Trust approved by shareholders of the Company on 8 February 2006;
“Release”	the Participant becomes entitled to the Performance Shares under the Award, to the extent that the Performance Target has been satisfied;
“Release Date”	the date, or dates, on which Performance Shares are Settled;
“RemCo”	the Remuneration Committee or such other committee as has responsibility for remuneration as may be specified by the Directors from time to time;
“Rules”	the Rules of the SAP, PSP and DBP, as amended from time to time;
“SAP”	the Nampak Limited Share Appreciation Plan 2009;
“SAP Trust”	the Nampak Limited Share Appreciation Trust approved by shareholders of the Company on 8 February 2006;

“Settlement”	delivery of the required number of Shares to which a Participant is entitled pursuant to the Vesting of a Matching Award, the exercise of a Share Appreciation Right or Release of Performance Shares and “Settle” and “Settled” shall be construed accordingly;
“Settlement Date”	the date on which Settlement shall occur;
“Shares”	ordinary shares in the capital of the Company;
“Share Appreciation Right”	a conditional right to acquire Shares under the terms of the SAP equal in value to the difference between the Market Value on the Exercise Date and the Award Price of that number of Share Appreciation Rights Granted;
“Vest”	the Participant becomes entitled to exercise a Share Appreciation Right and acquire Shares or becomes entitled to a Matching Share, and “Vests” and “Vested” shall be construed accordingly;
“Vesting Date”	the date on which Share Appreciation Rights become exercisable after confirmation from the RemCo that the Performance Target and all other conditions have been fulfilled or the date on which a Participant becomes entitled to a Matching Share;
“Voluntary Early Retirement”	refers to the termination of the employment relationship between the relevant Employer Company and the Participant by way of a notice of termination of service from the Participant to the Employer Company after the Participant has reached age 55, or such age deemed by the Employer Company to be classified as early retirement, but prior to Normal Retirement; and
“Voluntary Retrenchment”	refers to the termination of the employment relationship between the relevant Employer Company and the Participant for operational reasons through the provision of an optional retrenchment process available to the applicable Participant.

Shareholders' diary

Annual general meeting 3 February 2010

Interim statement and ordinary dividend announcement for the half-year ending 31 March 27 May 2010

Group results and ordinary dividend announcement for the year ending 30 September 2010 22 November 2010

DIVIDEND

Ordinary

Final for the year ended 30 September 2009
Interim for the half-year ending 31 March 2010

To be paid on 18 January 2010
To be paid July 2010

Preference

6.5% and 6% cumulative

Payable twice per annum
during February and August

Form of proxy



Nampak
packaging excellence

NAMPAK LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1968/008070/06) (Share code: NPK ISIN: ZAE000071676)
("Nampak" or "the company")

Form of proxy – 42nd annual general meeting

For use by the registered holders of certificated Nampak shares and the holders of dematerialised Nampak shares in their own name at the annual general meeting of the company to be held at the Hilton Hotel, 138 Rivonia Road, Sandton, South Africa on Wednesday, 3 February 2010 at 12:00 ("the annual general meeting").

Holders of Nampak shares (whether certificated or dematerialised) through a nominee must not complete this form of proxy, but should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant or broker, to enable them to attend and vote at the annual general meeting or to enable their votes in respect of their Nampak shares to be cast at the annual general meeting by that nominee or a proxy or a representative.

I/We

(BLOCK LETTERS PLEASE)

of

telephone (work) ()

(home) ()

being the holder(s) of

ordinary shares in the company, hereby appoint (see note 1):

or failing him/her

or failing him/her

the chairman of the annual general meeting, as my/our proxy to vote on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification the special and ordinary resolutions to be proposed at the annual general meeting and at each adjournment of the annual general meeting and to vote for or against the special and ordinary resolutions or to abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name/s, in accordance with the following instructions (see note 2).

INSERT AN 'X' OR THE NUMBER OF ORDINARY SHARES HELD IN THE COMPANY (see note 2)

Proposed resolutions	For	Against	Abstain
Confirmation of the appointment of DC Moephuli			
Confirmation of the appointment of PM Surgey			
Confirmation of the appointment of G Griffiths			
Confirmation of the appointment of FV Tshiqi			
To re-elect RJ Khoza			
To re-elect RV Smither			
To increase the fees payable to the non-executive directors, including fees payable to committee members			
To re-appoint the auditors			
To approve the allotment and issue of shares to an executive director as and when he exercises his share options in terms of the rules of The Nampak 1985 Share Option Scheme			
To approve the allotment and issue of shares to two executive directors as and when shares are settled on them in terms of the rules of The Nampak Limited Performance Share Plan			
To approve the allotment and issue of shares to two executive directors as and when shares are settled on them in terms of the rules of The Nampak Limited Share Appreciation Plan			
To adopt the Nampak Limited Share Appreciation Plan 2009			
To adopt the Nampak Limited Performance Share Plan 2009			
To adopt the Nampak Limited Deferred Bonus Plan 2009			
To approve the amendments made to the Nampak 1985 Share Option Scheme, Nampak Limited Share Appreciation Plan Trust and the Nampak Limited Performance Share Plan Trust			
Special resolution to authorise the directors of the company to acquire or purchase shares issued by the company on the JSE Limited			

Insert an 'X' in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote (see note 2).

Signed at

on

2009/2010

Signature

Assisted by me (where applicable)

Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and vote in place of that member at the annual general meeting.

Please read the notes on the reverse side hereof.

Form of proxy continued

NOTES:

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting" but any such deletion must be initialled by the member. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A member may instruct the proxy to vote fewer than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the annual general meeting.
3. Forms of proxy must be lodged with or posted to the company's share registrar, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 12:00 on Monday, 1 February 2010.
4. The completion and lodging of this form of proxy will not preclude the member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such member wish to do so.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chairman of the annual general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrar of the company.
8. Where there are joint holders of shares in the company, any one of such persons may, alone, sign this form of proxy in respect of such shares as if such person was the sole holder, but if more than one of such joint holders submits a form of proxy, the form of proxy, if accepted by the chairman of the annual general meeting, submitted by the holder whose name appears first in the company's share register will be accepted to the exclusion of any other form of proxy submitted by any other joint holder(s).
9. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the member wishes to vote.

Corporate information

COMPANY SECRETARY

Neill O'Brien *BProc*

AUDITORS

Deloitte & Touche

BUSINESS ADDRESS AND REGISTERED OFFICE

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Sandton 2196, South Africa

(PO Box 784324, Sandton 2146)

Telephone +27 11 719 6300

Telefax +27 11 444 4794

Website www.nampak.com

SHARE REGISTRAR

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Telefax: +27 11 370 5487

SPONSOR

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Telefax +27 11 784 8280

INVESTOR RELATIONS

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DISCLAIMER

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions in such forward-looking statement are discussed in each year's annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.



Nampak
packaging excellence